Collecting customer data is no longer enough to achieve success in customer experience management (CEM). Companies need to put the behavioral and feedback data they capture across multiple channels into action by delivering personalized, timely and consistent messages within marketing, sales and service activities. This report will define the role of customer engagement analytics in helping companies accomplish this objective. It will also outline the building blocks to successfully incorporate analytics within CEM programs.
Customer engagement analytics users are 31% more likely to be satisfied with the quality of data they use to make informed CEM decisions.

**Role of Data Management in CEM**
The drivers of success in CEM are constantly evolving. While concepts such as a single view of the customer, and providing relevant stakeholders with the same view of account data have been commonly recommended as key requirements to achieve corporate success, on their own, these concepts are no longer adequate. The unified view of client data needs to be put into action in order to:

- Deliver the right marketing messages to the right customer through the right channel and device, at the right time
- Empower sales reps with timely insights needed to create and guide sales conversations for each target account
- Optimize the customer service experience by delivering timely support to resolve issues with minimal client effort

Between January and April 2014, Aberdeen surveyed 259 businesses regarding their CEM programs. Figure 1 shows the pressures cited by participant organizations when asked about the challenges they face in using customer data to execute the above activities.

**Figure I: Challenges in Managing Customer Data**

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Percent of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Data quality</td>
<td>66%</td>
</tr>
<tr>
<td>Insufficient data</td>
<td>65%</td>
</tr>
<tr>
<td>Timeliness of data</td>
<td>61%</td>
</tr>
<tr>
<td>Data accuracy</td>
<td>59%</td>
</tr>
<tr>
<td>Validity of data</td>
<td>50%</td>
</tr>
</tbody>
</table>

Percent of respondents, n=259

Source: Aberdeen Group, May 2014

**Definition: Customer Engagement Analytics**

For the purposes of this research, Aberdeen defines customer engagement analytics as the use of analytical tools (see sidebar on next page) to analyze structured and unstructured customer and operational data captured across multiple channels.

The resulting insights are used to support overall CEM efforts to optimize marketing, sales and service activities.

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As depicted above, two out of three businesses cited quality of customer data as a barrier in their CEM efforts. This corroborates the findings from our March 2013 *State of the CEM Market 2014: It’s All About Better Use of Customer Data* study, where we found that only 6% of businesses are extremely satisfied with their ability to make timely and effective business decisions through customer data – in other words, quality of customer data is a tremendous problem. Use of technology enablers such as database management tools help companies alleviate this pressure by streamlining the data management activities; from capture, to cleansing, to integration.

In addition to struggles with quality of customer data, interestingly enough, the second top pressure companies report is insufficient data impacting CEM efforts. This doesn't mean that companies lack enough data to drive their current activities; it indicates that they are increasingly focused on constantly capturing new data to enhance account information within enterprise systems. This helps to develop a richer and more current view of customer needs and wants, and therefore enables targeted service, sales and marketing activities.

Implementing technical tools enables companies to utilize customer and operational data within CEM programs. The sidebar shows the numerous technologies companies use to support their customer engagement analytics activities. The combined or individual use of these technologies allows firms to convert behavioral and feedback data (in both structured and unstructured forms) into intelligence. These insights vary in nature, from revealing a customer's likelihood to buy a product, to indicating correlations between service activities and negative word-of-mouth regarding the company brand.

Research shows that customer engagement analytics users are currently using the below technology enablers:

- **Business intelligence**: 71%
- **Web reporting & analytics** (tools that track, measure, and report web usage data): 70%
- **Customer analytics** (analytics platform to support customer behavioral analysis): 49%
- **Predictive analytics** (tools that use historical customer behavioral data to predict future customer behavior and business results): 19%
- **Text analytics / sentiment analytics**: 17%
- **Speech analytics** (tools used to analyze voice (phone & IVR) conversations): 14%
- **Video analytics** (technology tools that help retailers automatically analyze in-store video recordings to determine activities that impact customer experience): 14%
Figure 2 shows that companies using customer engagement analytics are 31% more likely (47% vs. 36%) to be satisfied with the quality of data they use to make informed CEM decisions.

Figure 2: Analytics Boosts Quality of Data Used in CEM Programs

With data quality being the top challenge a company faces in managing CEM-related insights, the above graph indicates that incorporating analytics within CEM efforts helps firms significantly reduce the impact of this challenge.

The Business Value of Customer Engagement Analytics

The benefits of analytics go far beyond improving the quality of CEM data. This improvement ultimately supports organizations' ability to excel in maximizing their year-over-year performance gains across the several key performance indicators (KPIs) depicted in Figure 3.
Thanks to use of social media portals and mobile devices, the voice of the customer is louder than ever before. Companies that delight their customers are far more likely to have positive mentions of their brand across social media portals, whereas those that disappoint will elicit negative mentions. As depicted above, customer engagement analytics users enjoy far better annual improvement in number of positive social media mentions (desirable social buzz), compared to non-users. This also serves as a signal that analytics-enabled firms do a better job in meeting client needs.

While word-of-mouth is often a reflection of customer satisfaction, companies should also focus on maximizing their revenue and minimizing their costs in order to survive and thrive. Customer engagement analytics users’ success in delighting clients carries over to this area as well. Analytical firms reduce service costs by 5.1% year-over-year, while their peers without analytical fire-power experience an average 1.7% increase in service costs, compared to those without analytics.
The ability to tailor customer and prospect conversations with timely and relevant insights gleaned through customer analytics also helps firms boost annual company revenue.

Figure 4 below sheds further light on how analytical firms are able to attain the above mentioned financial results.

Customer engagement analytics users enjoy 79% greater annual increase in client satisfaction rates, compared to non-users.

Customer engagement analytics users enjoy 79% greater annual improvement (8.1% vs. 4.5%) in client satisfaction rates, compared to those without analytics. Satisfied buyers are more likely to remain as clients and grow their spend, which helps analytical firms increase average customer lifetime value by 7.6% year-over-year. Meanwhile, non-analytical firms who do a poor job in satisfying clientele experience a 4.3% erosion in this metric.

The above findings tell a clear story; using customer engagement analytics works. These analytics help companies satisfy clients, reduce costs and increase revenue – all important objectives tied to CEM programs. Maximizing these results is dependent on the use of several key activities that help organizations take their...
analytical fire-power to the next level. The next sections will highlight these key differentiators.

How to Make Customer Engagement Analytics Work

Aberdeen’s State of the CEM Market 2014 study shows that using multiple channels to interact with customers is a must. Ninety-nine percent (99%) of companies use at least two channels to interact with prospective and current clients. Furthermore, 51% of organizations incorporate at least nine channels (see sidebar) within their CEM programs – highlighting the growing use of multiple channels as client touch-points. For example, a consumer buying a smartphone might start by doing homework through various websites to learn about the different options. Then using social media channels the consumer would ask for additional insights, visit company websites to learn the features and benefits of different products. Once the desired smartphone is identified, the consumer would go to the company store to buy the product or order from the company website. This exemplifies just one of the many combinations of channels involved in CEM programs.

Going beyond such case-by-case examples, customer engagement analytics users are 40% more likely overall (87% vs. 62%) to capture feedback and sentiment data across multiple channels, compared to nonusers – Figure 5. Use of this activity provides firms with visibility into the customer journey across multiple touch-points and how each CEM activity impacts sentiment and behavioral outcomes throughout this journey. See reports in the sidebar for best practices in capturing feedback data from multiple channels and putting it into action.

Channel Adoption in CEM Programs

Findings from Aberdeen’s State of the CEM Market 2014 study shows that 51% of businesses are currently using the following channels as part of their customer interactions:

- Email: 97%
- Web: 93%
- Phone: 83%
- Events: 83%
- Print, mail: 80%
- Social media: 76%
- In-store: 68%
- Online customer communities: 51%
- Online video: 56%

Read the full report, “Voice of the Customer: Big Data as a Strategic Advantage”

Related Research
"State of the CEM Market: It’s All About Better Use of Customer Data"
Adding new channels into the multi-channel mix, however, is only the beginning of the journey. Once companies start capturing data across multiple channels and store this data in different technology systems, they should then use database management tools to seamlessly integrate data across different enterprise systems such as customer relationship management (CRM) and enterprise resource planning (ERP.).

Upon integration, data needs to be segmented based on different criteria such as historical purchase and demographics. This allows running analytics for each customer segment. The findings from this process enables firms with the ability to reveal previously unknown trends or correlations related to specific customer segments as well as test the validity of current assumptions for activities related to these groups. An example of such assumptions would be targeting a specific customer segment through a specific marketing channel without data validating that response rates for campaigns executed through this channel are greater than campaigns executed through other channels. Customer engagement analytics users are 71% more
likely (60% vs. 35%) to use segmentation as part of their CEM activities, compared to non-users.

The new normal of multi-channel customer interactions means that companies need to master using both structured and unstructured forms of data – see sidebar. Working with the IT team to establish policies governing standardization of customer and operational data helps firms establish greater consistency across data stored in enterprise systems, and thus facilitates analysis to support customer engagement efforts. As depicted in Figure 6, analytical firms are 42% more likely (51% vs. 36%) to have such standardization in place, compared to their peers. It’s important to note that while customer engagement analytics users have wider use of this capability, only 51% of these firms currently have it in place. Therefore, increasing adoption of this activity would help all organizations, including the analytical ones.

Figure 6: Use Analytics Smarter - Measure what Matters

Once companies put processes in place to standardize data captured across multiple channels as well as segment it with technology tools such as business intelligence (BI), they should then assess how each CEM activity impacts customer behavior.
across the buyer’s journey. This intelligence is gleaned through analyzing account and operational data with technology tools such as BI and customer analytics to understand the linkage between CEM activities and company results. This requires organizations to also determine the right KPIs indicative of success in their CEM programs. Even though measuring a broad array of metrics that might be widely used in an industry is a helpful exercise, it’s important to ensure that these metrics include the ones that reflect organizational success for the individual business. Customer engagement analytics users are 77% more likely (53% vs. 30%) to have a formal process to define the appropriate KPIs for their business, compared to non-users. Most of the metrics highlighted earlier in this document – average cost per customer contact, customer satisfaction and annual company revenue – are tracked and measured by one out of two businesses.

Technology Maximizes Customer Analytics Program Results

Optimizing the customer engagement processes requires organizations to follow a two-pronged approach: use the right activities (the ones highlighted above) and leverage technology to seamlessly execute them. Earlier we’ve noted the analytical tools deployed by customer engagement analytics users. Figure 7 shows additional technology enablers utilized more widely by these firms, compared to those without analytics.
CRM serves as the system of record storing account data captured across multiple channels. Analytical organizations use data within CRM to segment clients by certain criteria and identify insights that will help them personalize account conversations.

Findings from the March 2014 State of the CEM Market 2014 study shows that 93% of businesses are using the web to interact with prospects and clients. Use of web content management tools enables firms to utilize data to tailor the web content displayed to each website visitor based on their needs and wants. Those interests are determined through analyzing the account data in the CRM system and leveraging analytics to assess which web content resonates better with similar clients.

Customer engagement analytics users are far more likely to utilize CRM and web content management, as well as other tools such as social media monitoring, to adopt a data-driven approach in their CEM programs.

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Use of analytics helps organizations differentiate themselves by through personalized sales, marketing and service activities.
Recommendations

Customer expectations have heightened. Buyers in both business-to-business (B2B) and business-to-consumer (B2C) industries are increasingly aware of the relevant product/service choices available to meet their needs. Therefore, companies must differentiate themselves by regularly monitoring customer needs, aligning their business activities with those expectations, and all the while selling, marketing and servicing buyers in a personalized fashion.

Research shows that only 6% of companies are extremely satisfied with their ability to better interact with prospective and current clientele through use of data. However, customer engagement analytics users are 31% more likely to be satisfied with their ability to make effective decisions based on CEM data, compared to non-analytical businesses. We recommend that organizations adopt the below activities to establish and nurture analytics as a key part of customer engagement activities in order to maximize client satisfaction while reducing costs and increasing revenue:

➤ Leverage analytics to connect the entire customer journey. Establishing a 360-degree view of the customer helps companies provide key stakeholders with a common view of the prospect and client behavior across different touch-points. However, making sense of this data requires use of analytical tools such as business intelligence and customer analytics. This reveals hidden insights such as trends and correlations that influence sentiment and behavior as customers progress through the buyer’s journey. As a result, companies understand their performance in driving desired behavior throughout all the direct and indirect buyer interactions.
Keep in-tune with voice of the customer, and use it to tailor business activities. Companies can’t afford to ignore the VoC. Buyers’ publicly sharing their experiences with businesses impacts the perceptions and purchase intentions of peers in their sphere of influence. This sphere of influence expands rapidly as customers are widening their adoption and use of social media portals. Use of analytics helps firms leverage the VoC to glean insights on rapidly changing needs and wants of their customers – a key necessity that helps companies tailor their messages with the precise needs of each account.

Regularly assess and fine-tune your data management efforts to empower your knowledge workers with relevant and timely data. Analytical tools used to leverage customer and operational data should be embedded as a part of a broader strategy that integrates numerous enterprise systems storing data, and converts this data into insights. Therefore, don’t assume that solely deploying a customer analytics solution will by itself boost the quality of your CEM data. Work with your IT team as strategic partners to map data flows within your business, and ensure that each technology asset helps in optimizing the flow of data to empower your knowledge workers with information needed to meet customer expectations in a timely and effective manner.

For more information on CEM or other related research topics, please visit http://aberdeen.com/_aberdeen center/CMAV/practice.aspx.
Voice of the Customer: Big Data as a Strategic Advantage; April 2014

State of the CEM Market 2014: It’s All About Better Use of Customer Data; March 2014

Optimizing the Self-Service Experience: Helps Customers Help Themselves; February 2014

Mobile Customer Care: It’s More than Hype; February 2014

Enterprise Social Collaboration: Driving Customer Experience Excellence through Teamwork; January 2014

Omni-Channel Customer Care: Empowered Customers Demand a Seamless Experience; October 2013

Social Customer Care: Secrets to Building a Winning Strategy; August 2013

Bringing Customer Service into Marketing: Empowered Customers Make Service Excellence an Imperative; July 2013

CEM in Financial Services: Secrets to Improve Client Value; July 2013

Real-time Unified Customer Engagement: How to Delight Empowered Customers; June 2013

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Aberdeen Group conducts research focused on helping business leaders across sixteen different B2B technology disciplines improve their performance.

Our process is simple – we conduct thousands of surveys every year to identify top performing organizations and uncover what makes them different. We share these insights back with the market in the form of in-depth research reports and content assets to help our readers build business plans capable of driving better results with the right set of tools to help them get there.

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