

A Forrester Consulting  
Thought Leadership Paper  
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# Use Analytics And Insights To Accelerate Your Customer Experience Strategy

Prerequisites For Enhanced Personalization,  
Targeting, And Internal Alignment

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# Executive Summary

Brands are focused on improving digital customer experiences to grow revenue and increase profits. Unfortunately, many struggle to turn customer insights into experiences that deliver a mutual value exchange. Successful organizations use customer insights to define their customer experience (CX) and inform the technology investments that will help them monetize their digital programs.

Mapp Digital commissioned Forrester Consulting to evaluate how both midmarket and enterprise companies are gathering and analyzing customer insights to improve and streamline CX as a foundation for business growth. Forrester conducted an online survey with 203 CX technology decision-makers across multichannel retail, e-commerce, consumer packaged goods/direct-to-consumer (CPG/D2C) retail, and financial services (B2C only) to explore this topic.

We found that while many companies see the immense value in leveraging customer insights technology to bolster their CX delivery, most are focused on securing the building blocks for an initial strategy versus more advanced customer analytics and data management to underpin marketing automation.

## KEY FINDINGS

- › **A good CX strategy is critical to success, but most companies are stuck in the early stages of advancement.** While 89% of decision-makers think a good CX strategy is important or very important to success, nearly half (47%) only review and assess their CX strategies with internal CX decision-makers annually or even less frequently. Knowing that the number one priority for 2021 is to optimize overall CX, these companies have work to do in understanding and adapting their strategies to changing customer needs. Improved customer insights provide the gateway to this transformation.
- › **Without the proper customer insights, CX professionals struggle to enhance CX.** While CX professionals are beginning to prioritize customer insights, the consequences of being late to the game are mounting. A continued lack of insight strategy can keep CX professionals from effective personalization and targeting, as they also tackle internal challenges, such as securing skilled talent and building internal alignment. Companies are still struggling with a lack of skilled personnel (57%), breaking down data silos (55%), and defining the right metrics to demonstrate impact or results (53%).
- › **Better customer insights provide the path to improved customer understanding and more aligned decision-making.** It's not all doom and gloom. While some companies are slowly becoming more competent in using insights to support their CX strategies, others are ready to take more proactive steps. These forward-looking organizations are adopting customer insight technologies like artificial intelligence (AI) and machine learning (ML) to supercharge their CX efforts with advanced segmentation and personalization.



89% think a good CX strategy is important or very important to success.

# CX Is Paramount, But Companies Are Stuck In The Early Stages Of Advancement

As the world continues to evolve in unexpected ways, so too do customer needs. Situations like the global pandemic or just a simple, natural evolution in industry trends will force goods and services providers to update their offerings to meet new demands. How can companies get ahead in a time where it seems as if the needs of the customer change weekly — or even daily? Companies are taking a thorough look at their CX strategies and the ways in which they try to understand their customers’ needs, today and in the future. In surveying 203 CX and martech decision-makers, we found that:

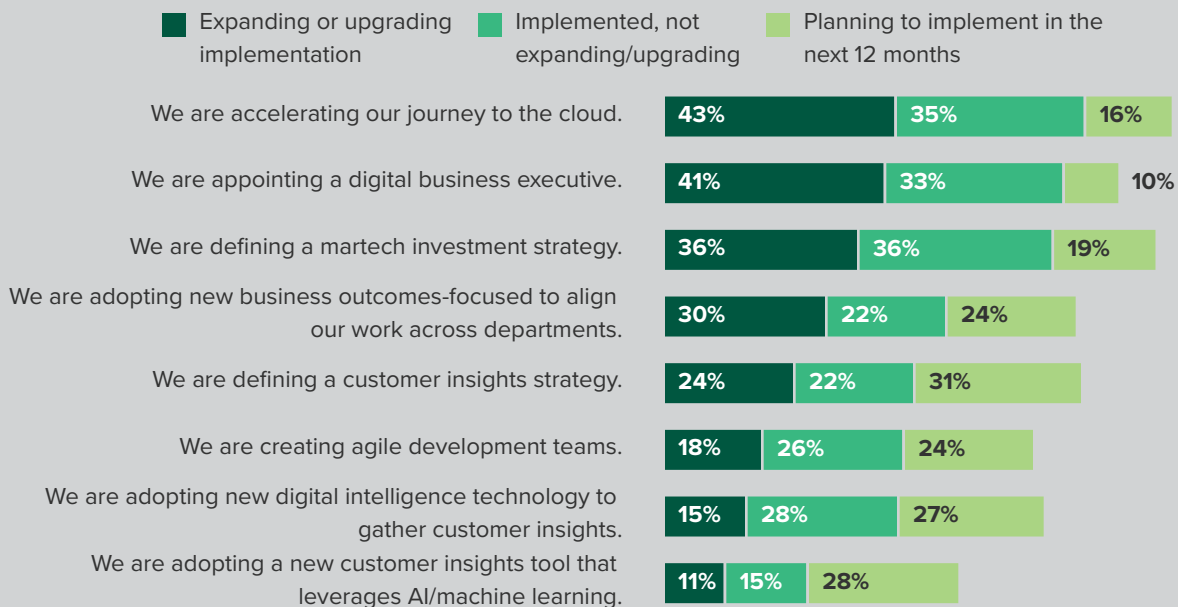
- > **Business and technology leaders know that a comprehensive CX strategy is imperative to business success.** Most decision-makers (89%) think a good CX strategy is important or very important to achieving business objectives. Nearly the same amount (88%) agree that it is important to understand changing customer needs to improve CX. Yet many companies face uncertainty when it comes to how they can improve their CX strategies.
- > **Despite their CX ambitions, many leaders are unsure where to start or cannot gather the resources to advance.** Nearly half (47%) review and assess CX yearly or less frequently than once a year. Just over half (53%) are planning or are in the early stages of implementation of a customer insights strategy (see Figure 1); it is a clear priority, but one that is still in the early stages of adoption. And measuring success remains tricky: Respondents claim that success attribution is their least important priority when it comes to improving CX, with 56% indicating it is only either somewhat or not very important.



88% agree that it is important to understand the changing consumers needs to improve CX.

Figure 1

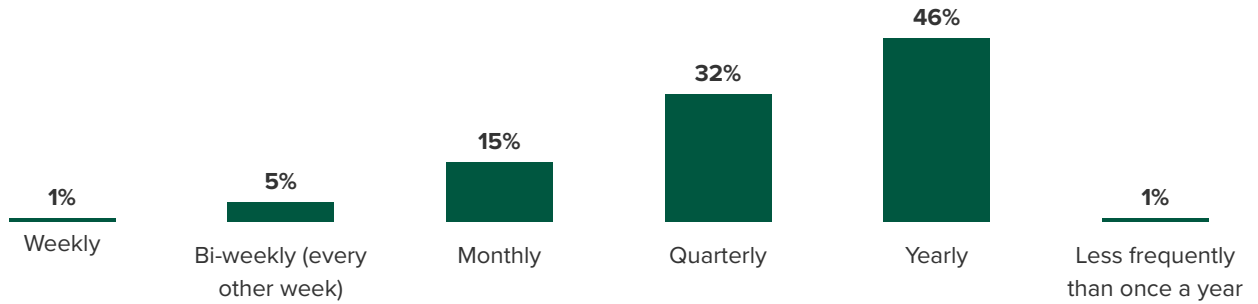
“Where are you today in these steps toward a digital transformation to optimize your CX strategy?”



Base: 203 director+ martech decision-makers at SMB/enterprise companies in North America and EMEA  
 Source: A commissioned study conducted by Forrester Consulting on behalf of Mapp Digital, December 2020

Figure 1 (Cont.)

“How often do you review and assess your customer experience strategy with internal CX decision-makers?”



Base: 203 director+ martech decision-makers at SMB/enterprise companies in North America and EMEA  
Source: A commissioned study conducted by Forrester Consulting on behalf of Mapp Digital, December 2020

### RETAILERS ARE LEADING THE PACK

- › E-commerce retail professionals consider the refinement of organizational processes for gathering customer insights very important to optimizing their CX strategies (40% vs. 26% average).
- › Multichannel retail decision-makers lead the pack in advanced customer data and analytics with the highest adoption of AI/machine learning customer insights (36% implemented or expanding).

### OTHER VERTICALS HAVE WORK TO DO

- › B2C financial services professionals lead in some areas but are still quite reliant on strategy services partners (currently 58% vs. 34% in e-commerce).
- › CPG/D2C decision-makers are least mature when it comes to crafting a martech investment strategy. Sixty-two percent are happy with their existing strategy or are upgrading vs. a 72% average across other industries.

# Skills Gaps, Lack Of Insights Hold CX/ Martech Decision-Makers Back

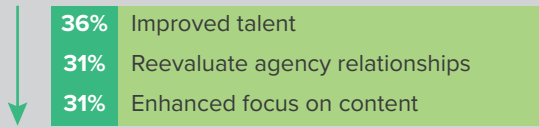
In the age of the customer, a differentiated CX is the key to staying ahead of competitors. While the ways to approach CX strategy improvement are myriad, some methods are bound to garner more success than others. But one thing remains true: You can't deliver sustainable value for your customers if you don't have the skills and technology to understand them.

- › **Talent and skills gaps hamper success.** Respondents cite the three least successful CX strategy investments as talent improvement (36%), enhanced content (31%), and reevaluating agency relationships (31%). Over half say that a lack of skilled personnel is one of their biggest barriers to success, yet only 25% attribute their success over the past couple of years to talent improvement (see Figure 2). Increasing headcount will not solve your problem without the requisite technology investments to help employees address changing customer needs. Hiring new talent, creating fresh content, and enlisting external agencies will always provide some value, but success will be limited without the right tools for insights-driven change.
- › **Firms face heavy consequences for not prioritizing CX.** Brand decision-makers are aware of the importance of CX for driving business success. For instance, loss of revenue is one of the primary risks associated with the inability to enhance CX. So what are companies waiting for? What stands in their way? Professionals striving to improve CX strategy are focused on improving their process for gathering customer insights (64%), improving segmentation and targeting (60%), and increasing executive support (59%) (see Figure 2). To move beyond CX table stakes and adopt more advanced customer insights technologies, internal support is crucial, and marketing/CX decision-makers are feeling the strain.
- › **A lack of insights leaves decision-makers guessing in the dark.** A lack of customer insights is the primary challenge that business leaders face in providing better CX. More broadly, the primary challenges for updating CX strategy include difficulty tying business outcomes to real customer needs (83%), insufficient technology platforms (77%), and a lack of vision and alignment among leadership/teams/employees (72%) (see Figure 3). It's no surprise that, when considering what they would like to do with their customer insights strategies that they currently cannot, 80% of martech decision makers cite improve personalization. Nearly half (47%) add that striving to understand customers leaves them with less time for innovation (see Figure 3). The need for insights is apparent, but the path forward is not so clear.

The #1 challenge in providing the best experience for customers is a **lack of customer insights.**

**Figure 2**

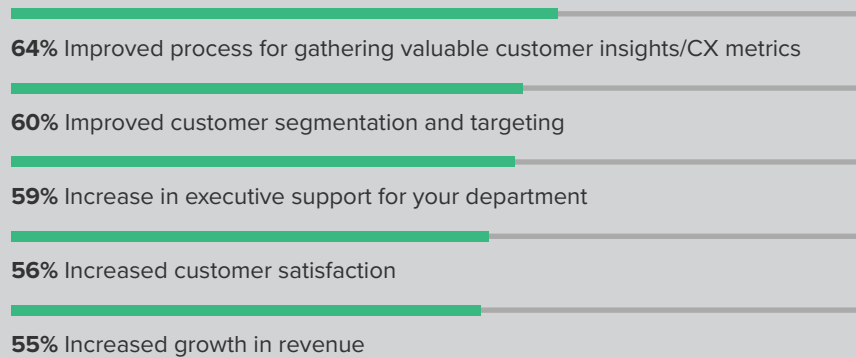
**“What customer experience strategy improvements have delivered the least success over the last two years?”**



**“What customer experience strategy improvements have delivered the most success over the last two years?”**



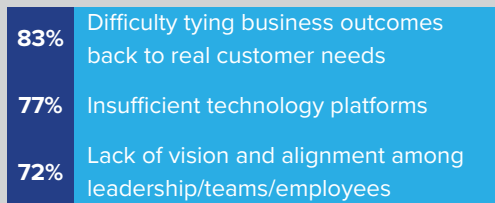
**“What benefits have you experienced, or do you expect to experience, from updating your CX strategy?”**



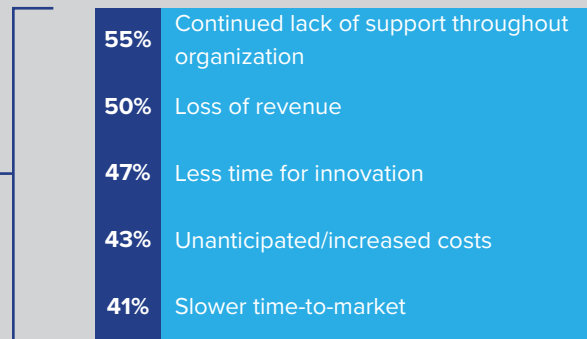
Base: 203 director+ martech decision-makers at SMB/enterprise companies in North America and EMEA  
 Note: Showing top 3 and top 5 for first, second, and third questions respectively  
 Source: A commissioned study conducted by Forrester Consulting on behalf of Mapp Digital, December 2020

**Figure 3**

**“What challenges have you faced so far in updating your customer experience strategy?”**



**“What negative business impacts have you experienced as a result of these challenges to updating your CX strategy?”**



Base: 203 director+ martech decision-makers at SMB/enterprise companies in North America and EMEA  
 Note: Showing top 3 and top 5 for first and second questions respectively  
 Source: A commissioned study conducted by Forrester Consulting on behalf of Mapp Digital, December 2020

## THE RETAIL SECTOR FACES THE TOUGHEST JOURNEY

- › E-commerce retail leaders are struggling to tie business outcomes to real customer needs (91%) and decreasing the cost of operations (60%).
- › Over half (53%) of e-commerce retail decision-makers claim that a lack of talent is a primary challenge to providing the best CX, yet 42% have seen the least success through talent improvement. A lack of talent is certainly a setback, but throwing more new hires at the problem may only be a Band-Aid. This continued failure to garner and utilize skilled professionals underscores the need to align people and technology investments to advance CX goals.

## CX Leaders Find Success Through Improved Customer Insights

In adopting a new, more customer-centric model, companies are reviewing their CX strategies and identifying what has worked and what has failed to deliver results. There are clear benefits to a winning customer insights strategy that empowers a customer-facing workforce through technology. Successful brands are looking beyond traditional campaigns and impression metrics to focus on how they can engage more effectively with their customers using advanced segmentation and personalization. Robust customer insights to improve analysis and guide decision-making underpin a brand's ability to understand and meet the needs of individual customers in ways that resonate.



- › **Invest in customer analytics to fuel your CX strategy.** To better understand their customers' needs, companies are investing in analytical technologies to support success. More than half (55%) of CX/marketing decision-makers plan to implement customer analytics in 2021. These leaders expect this adoption of new technology to facilitate improved customer insights (75%), an improved understanding of customer intent (55%), and an improved ability to pivot/be agile in updating strategy (55%). And what do they hope to achieve with an improved customer insights strategy? Eighty percent are aiming for enhanced personalization.
- › **Focus on martech tools that provide deeper customer understanding.** Over the last two years, customer analytics, customer data management, and marketing automation have delivered the most improvements in terms of understanding customers (see Figure 4). Just over half of decision-makers (51%) have seen the greatest performance improvements through improving customer insights. That is nearly double the improvement compared to reevaluating agency relationships, improving talent, leveraging AI/ML, or enhancing their focus on content.



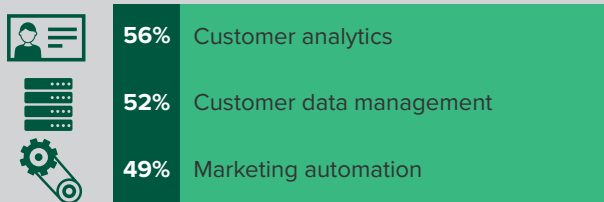
› **Work smarter, not harder.** While companies have been hesitant to invest in AI/ML and therefore have not yet experienced great success from such investments, these tools offer potential value beyond historical results. The expected value of these tools is projected to be prioritized above resource management and performance measurement. Business leaders expect improved customer insights (65%) and improved understanding of customer intent (55%) above all else (see Figure 4). Decision-makers are examining how they can complement their people-based investments with the right AI/ML tools to streamline processes, automate arduous and repetitive data-processing tasks, and provide actionable insights that empower employees. The numbers do not lie: While overall, companies are expecting or have experienced benefits like improved customer insights and understanding of customer intent, those decision-makers whose companies have implemented AI/ML tools report an improved ability to pivot/be agile in updating strategy (62%), an improved understanding of customer intent (58%), and improved customer insights (57%).

**Figure 4**

**“What benefits have you experienced, or would you expect to experience, from adopting new technology to aid in gathering and analyzing customer insights?”**



**“Which investments have contributed the most to improving your understanding of your customers and their needs?”**



Base: 203 director+ martech decision makers at SMB/enterprise companies in North America and EMEA  
 Note: Showing top 3 for second question  
 Source: A commissioned study conducted by Forrester Consulting on behalf of Mapp Digital, December 2020

## RETAIL IS FIRST IN LINE FOR INSIGHTS BENEFITS

- › For those who have extended beyond the first part of the CX optimization journeys, customer insights and analytics are the logical—inevitable?—next step. Parallel to other efforts, e-commerce is slightly ahead of the curve, with 66% of decision-makers planning to implement customer analytics in 2021.
- › When it comes to optimizing their CX strategy, e-commerce leads the pack in appointing a digital business executive (79%), though investing in their martech strategy is their second-biggest priority (70% vs. 55% overall).

## OTHER VERTICALS ARE CLOSING THE GAP

- › CPG/D2C firms are gaining an edge on multichannel retail; 62% of CPG/D2C leaders are interested in or looking to adopt new digital intelligence technology in 2021, as opposed to just 42% in multichannel retail.
- › Financial services decision-makers are still primarily focused on high-level metrics, like an increase in customer satisfaction (60%) while the main drivers for e-commerce professionals include customer satisfaction (70%) and improved segmentation and targeting (70%).

**98%** of respondents agree that adoption of digital intelligence technologies to capture customer insights is important.

# Key Recommendations

Forrester's research shows that improving the customer experience results in revenue growth and thus is a top priority for marketers.<sup>1</sup> Understanding your customers is the foundation for providing superior customer experiences, and analytics investments are prerequisites for a marketing technology ecosystem that enables this understanding. Closing the gap between deriving insights and leveraging them for engagement is also critical. That's why many firms are bringing customer analytics in-house to accelerate access and responses to real-time insights; 42% of European marketers now say they manage customer analytics in-house, up from 18% in 2019.<sup>2</sup>

Forrester's in-depth survey of CX and marketing decision-makers about customer analytics and CX insights strategy yielded several important recommendations:



**Make customer analytics the core of your CX strategy.** Customer-obsessed marketers must understand their customers and leverage that understanding to define and deliver a winning brand strategy. Success requires firms to embrace customer data and analytics as more than just technology solutions; they must rely on them as intimate connections to customers and their needs. Defining your CX strategy should begin with customer analytics. You can then refine your analytics technology investments as your strategy evolves.



**Invest in customer insights to fuel business growth.** Reaching the right customer with the right message at the right time may sound like a winning strategy, but such “feeding the funnel” tactics are no longer good enough. Competitive differentiation and sustained revenue growth in today's digital world depend on more sophisticated customer insights. That means elevating your approach to customer analytics for both CX delivery and strategic, customer-centric decision-making. Getting it right can pay big dividends: Insights-driven businesses grow at least seven times faster than the global economy.<sup>3</sup>



**Align technology and people-based investments.** Hiring data scientists or training tech-savvy marketers will not deliver results without the right toolsets. They will waste their valuable time wrangling data instead of producing insights. Conversely, technology investments will fall flat without the appropriate user adoption. Customer understanding requires predictive analytics, machine learning, and artificial intelligence. At the same time, business interfaces are necessary to make such leading-edge tools more accessible to marketers. Skills assessments and IT collaboration are essential to determine the right technology investments.

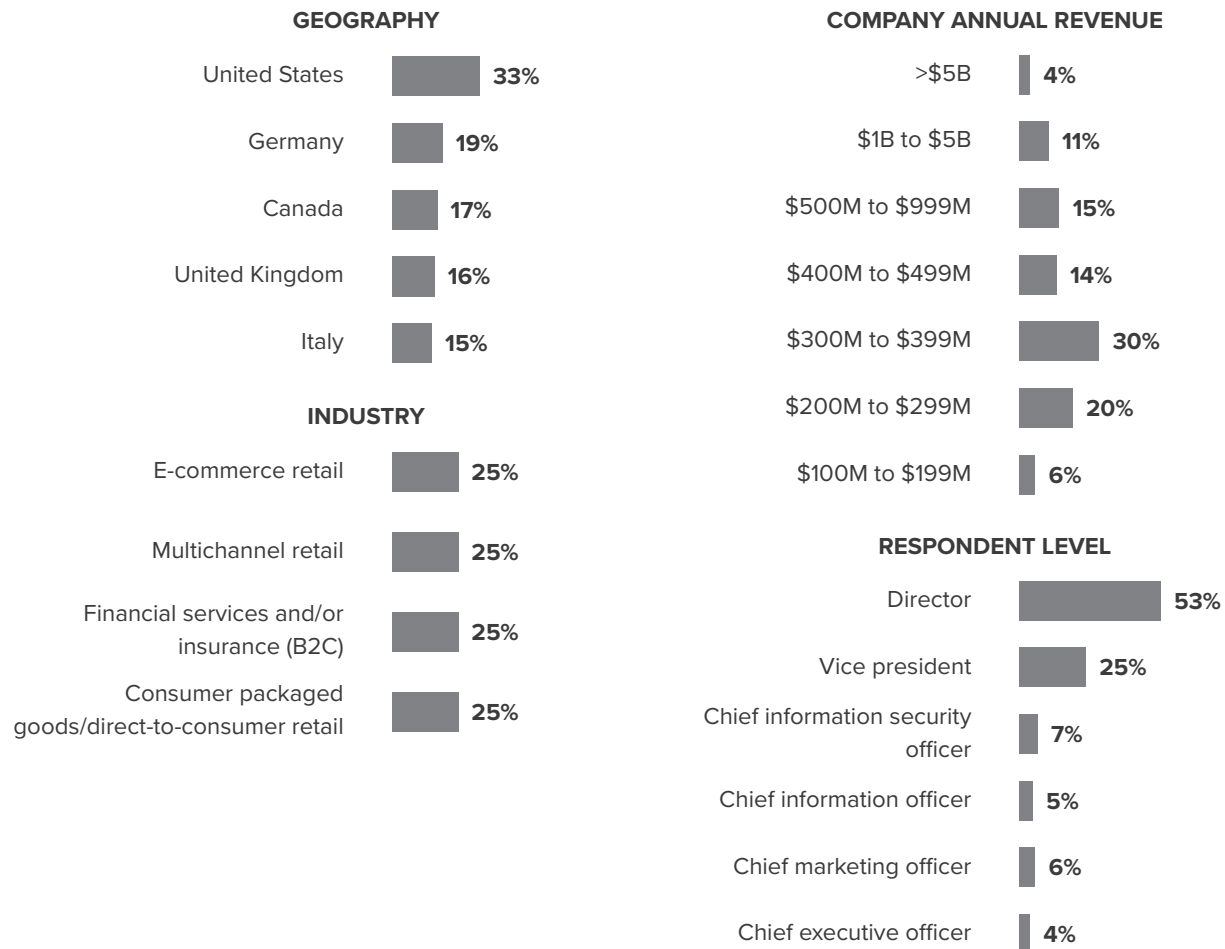


**Define customer-focused metrics for continuous optimization.** Marketers have an overabundance of vanity metrics for opens, clicks, impressions, and conversions. But quantity does not always mean quality. Historical performance figures do not fully answer pressing questions about evolving customer needs, and they may not help you make good forward-looking decisions. When investing in customer analytics, prioritize the customer outcomes that will drive business results. Establish metrics for what you want to achieve and constantly calibrate based on results and real-time insights.

## Appendix A: Methodology

In this study, Forrester conducted an online survey with 203 respondents with decision-making status over CX technology decisions in multichannel retail, e-commerce, CPG/D2C, and financial services and/or insurance (B2C) to explore this topic. Questions provided to the participants asked about how companies are gathering and analyzing customer insights to improve the customer experience and streamlining to make it profitable. The study began in November and was completed in December 2020.

## Appendix B: Demographics



Base: 203 director+ martech decision makers at SMB/enterprise companies in North America and EMEA

Note: Percentages may not total 100 because of rounding.

Source: A commissioned study conducted by Forrester Consulting on behalf of Mapp Digital, December 2020

## Appendix C: Endnotes

<sup>1</sup> Source: Forrester Analytics Global Business Technographics® Marketing Survey, 2020

<sup>2</sup> Source: “2021 B2C Marketing Priorities In Europe,” Forrester Research, Inc., November 17, 2020.

<sup>3</sup> Source: “Insights-Driven Businesses Set The Pace For Global Growth,” Forrester Research, Inc., October 19, 2018.