The New Marketing Reality

In association with
IBM Watson Marketing
Contents

1. Executive Summary
   1.1. Methodology

2. Foreword by IBM Watson Marketing

3. Data
   3.1. An underexploited goldmine
      3.1.1. Sources of data
      3.1.2. Mobile
      3.1.3. Still blind to offline
   3.2. The customer journey’s role in the data effectiveness cycle
      3.2.1. Mind the gap
      3.2.2. Putting data into practice

4. Challenges and Barriers
   4.1. Organisational barriers
      4.1.1. Silos and culture
      4.1.2. Follower the leader
      4.1.3. Under-resourced and overstretched
   4.2. Technical barriers
      4.2.1. Too much complexity
   4.3. Inconsistency rules
      4.3.1. Too much confusion over metrics
      4.3.2. Greater technological competency required
5. Removing Channel Vision
   5.1. Data is the key to integration
   5.2. Desktop still king of channel experience
   5.3. Mobile as a platform, not a channel
      5.3.1. A word about search
   5.4. Email and social

6. The Customer Journey – Business Impacts
   6.1. Where is customer value unlocked?
      6.1.1. A valuable experience
   6.2. Retention versus acquisition – the marketing prize-fight
   6.3. It's all about conversion
      6.3.1. Easy wins
      6.3.2. The forgotten brand
      6.3.3. Efficiencies: a secondary consideration
   6.4. Budgeting for the right tools and people
      6.4.1. Proving customer journey effectiveness
   6.5. A need for direction
   6.6. Future challenges

7. Key Takeaways

8. Appendix
   8.1. Additional data
   8.2. Respondent profiles

About Econsultancy

About IBM Watson Marketing
Executive Summary

The New Marketing Reality report, produced by Econsultancy in association with IBM Watson Marketing, is based on a survey of more than 1,000 marketing, digital and ecommerce professionals.

There can be no doubt that marketers are keen to embrace new platforms and technologies to help them drive growth. Sadly, it would appear that there is still a gap between those goals and the methods they have at their disposal to achieve them.

The challenge is that while new technologies and the data that underpins them have the potential to create a truly omnichannel customer experience, marketers’ methodologies are still forcing everything through the same outdated, siloed processes.

The traditional funnel no longer works. It assumes audiences are linear and predictable in their behaviour. At the same time, it doesn’t take into account the fact that people will act the way they want to act, rather than sticking to a sequence designed by marketers.

To help marketers break free from these processes that are stopping them from capitalising on the opportunities that more agile, disruptive companies are enjoying, this report identifies some key areas ripe for change.

The New Marketing Reality report explores the challenges that marketers face in the three key battlefields of data, customer experience and business outcomes.

The research includes the following findings:

Data

• First-party data remains far and away the most available data source, accounting for 75% of a company’s data on average.

• Audience segmentation is the topmost priority, with 72% of executives stating that they are using their data to support this activity. It is viewed as a standard tactic by even the most laggard of companies.

• The next most popular data-related activity is customer journey mapping, with 67% practising it.

• Only 54% use their data for personalisation and fewer than half can use it for marketing automation.

• The vast majority (80%) of those who rate their ability to understand the customer journey across channels and devices as ‘advanced’ or ‘intermediate’ find customer journey mapping or analysis ‘highly valuable’ and the remaining 20% claim it is ‘quite valuable’.

• More than two-thirds (68%) of those at a beginner level find customer journey mapping ‘highly valuable’ and a further 31% state that it is ‘quite valuable’. Only 54% practise it to any degree. Clearly, something is hindering progress.
Channel focus

• Most respondents are still finding it hard to move out of the channel-focused mindset, hampered by both technology and organisational structure.

• Most cited siloed organisational structures (59%) as a key sticking point with, predictably, beginners suffering more than most (64% vs. 53% of more advanced companies).

• Around a third (32%) of respondents stated that the competition between channels and company culture was actively blocking their view of the customer journey.

• Only 5% of intermediate or advanced companies would consider their multichannel touchpoints to be fully integrated and still a large proportion (39%) state that they have managed little integration across touchpoints.

• Progress could be said to be made by a further 42% who state that they are integrated but admit to still being channel-focused.

• Considering that 83% of more advanced companies claim to practise customer journey mapping, we might expect less channel focus but 59% still have difficulty unifying their data sources and a further 61% are struggling with the complexity of their customer touchpoints.

Business outcomes

• From a business buy-in and organisational perspective, there is still some work to do. The customer journey is still to see the sort of formalised approach that data strategies are only now beginning to enjoy.

• Over a third (37%) of respondents said that the customer journey is owned by a mixture of different departments and nearly a fifth (19%) said no-one has responsibility.

• This rises to 26% among beginner brands, where 22% of that cohort admitted there was no strategy at all for optimising the customer journey and 34% stated it was of low business priority.

• Business buy-in is borne of confidence. Both advanced companies and beginners admitted that they didn’t have a standard approach to measuring the impact of campaigns. Overall, less than a third (28%) of executives can tie their customer experience activities to revenue and/or cost savings.

• Just under half (47%) of beginners cited insufficient budget as a barrier to building a joined-up view of the customer journey while 35% of intermediate or advanced companies also felt this was getting in their way.

• Executives clearly need to find a way of breaking the cycle of ‘no investment to carry out activities therefore no proof to support the need to invest in these activities’.

Other highlights from the report include:

Customer experience is at the heart of the issue

This report focuses on the challenges organisations face in understanding the customer journey but this is not their endgame. Instead, the customer journey is a fundamental bedrock in being able to deliver market-leading customer experience.

Customer experience is delivered through targeted, relevant company communications, a product set that meets needs closely, an ability to react to changing needs and conditions, and the perception of value. Without aligning the key components of the customer journey, none of this is possible.

Disconnects in customer experience happen when organisations run at different speeds internally – being unable to link the online and offline experience for example (see below). Alternatively, when companies overpromise and under-deliver, such as leaping on the bandwagon of new technology or platforms without having the groundwork in place to manage it.

This research has found that beginner companies in particular are keen to optimise mobile and social for example but lack the capability to put data behind this.

Companies still struggle to link online and offline

Offline channels are still struggling to add colour and context to the customer journey. Less than a third (29%) of customer information is coming from channels such as direct mail and attempts to use new technologies
to link the online and offline worlds are intermittent at best.

There is no truly dominant philosophy when it comes to using tools to track customer journeys online to offline. Companies are largely using technologies that have been available to them for some time and of those, codes generated online for offline use (33%) or offline codes used online (22%) cover the bulk of respondents.

Codes by their nature involve discounting, eroding margin. It’s a perennial problem for marketers to make sure that such discounts are only used by new customers. Otherwise companies are effectively paying to retain customers and worse still, paying to gather data they more than likely already possess.

Loyalty card schemes, once the paragon of offline data collection, garner a scant 14%. They are effective for generating data but only keep that data current – a vital tool – if used regularly. There is also some question as to the quality of data they can generate, often missing out vital behavioural components and a wider view of that customer’s purchasing behaviour overall.

Use of new technologies such as beacons and internet of things (IoT) to track customers offline is in single digits at the moment.

**Technological capability is a sticking point for everyone**

IT bottlenecks are a problem shared by just over half of all respondents. Two-fifths (42%) of marketers agree that they have the right tools but don’t know how to use them and 50% state that a technical barrier to progress is poorly integrated marketing technology. That figure drops to only 38% among the intermediate and advanced segment but increases to 59% among beginners.

The two biggest technical barriers to building a joined-up view of the customer are the difficulty in unifying different data sources and the complexity of customer experience or number of touchpoints.

**Retention vs. acquisition – poor prioritisation?**

Half of the more advanced companies place equal focus on acquisition and retention, while 34% of them are more focused on acquisition and only 14% place more emphasis on retention.

So-called beginner companies are more focused still on acquisition, with nearly half skewing their efforts towards it. Interestingly though, 17% of beginners place more emphasis on retention.

However, we know very well that it is exponentially more expensive to acquire new customers than it is to retain existing ones. As first-party data accounts for 75% of a company’s data on average and at least four of the top data sources for understanding the customer journey are first-party data sources – CRM, social, email and call centre data – they are sitting on a huge retention resource.

Renewal, cross-sell and upsell come second in marketers’ priorities but a full 25 percentage points behind higher engagement and conversion rates. Better brand perception and loyalty is in third place at 51%.

Both of these are key retention tactics. Increasing average order value also gets less attention than is perhaps merited, with just over a quarter (27%) of executives listing it as a priority.

**1.1. Methodology**

This report is based on an online survey of more than 1,000 client-side (in-house) marketers.

Information about the survey was emailed to Econsultancy’s user base of digital professionals and marketers, and promoted online via Twitter and other channels during October and November 2016. The incentive for taking part in the survey was access to a complimentary copy of this report just before its publication on the Econsultancy website.

Detailed breakdowns of the respondent profiles are included in the Appendix (Section 8.2).

Econsultancy and IBM Watson Marketing, the research sponsor, would like to thank those who took the time to complete the questionnaire.

If you have any questions about the research, please email Econsultancy’s Research Director, Jim Clark (jim.clark@econsultancy.com).
The first IBM marketing presentation I ever heard opened with the quote “It was the best of times, it was the worst of times”. That famous quote, taken from Charles Dickens’ Tale of Two Cities, seems to sum up not just the report which you are about to read, but the current state of the marketing industry.

On the one hand, there has never been a more exciting time to be a marketer. It’s easier than ever (in theory) to reach large audiences very fast. New startups are disrupting traditional brands on an almost weekly basis. New business models are providing all kinds of new career opportunities. And the technologies that we now have at our disposal are allowing us to do things that we never thought possible just 20 years ago.

On the other hand, executives are worried. Big data is getting bigger. Attention spans are getting shorter. Marketing strategies that worked three years ago don’t work anymore. And the amount of marketing technology vendors is doubling each year. These dramatic changes explain why so many executives feel that their organisations are only just at the very beginning of their digital transformation. Loyalty marketers are still struggling to build loyalty and traditional marketers are still trying to understand the relationship between online and offline.

All in all, this fascinating piece of research explains why the current state of marketing is both “the best of times and the worst of times”. Yes, we are facing some difficult challenges, but within these challenges lie great opportunities to build better customer experiences and deeper consumer relationships. There has indeed never been a more exciting time to be a marketer. Welcome to The New Marketing Reality.

Jeremy Waite
Evangelist
IBM Watson Marketing

For example, you will learn how ‘dark social’ is changing the entire way that consumers behave, but in many cases marketers don’t even see it as a significant problem (yet). You will notice how some marketers are doing wonderful things with the technologies that they have at their disposal, but the vast majority of them feel that their organisations are only just at the very beginning of their digital transformation. Loyalty marketers are still struggling to build loyalty and traditional marketers are still trying to understand the relationship between online and offline.

So what are we to do about it?

Well, you’ve already taken a very positive step by taking the time to read this report that I worked on with our friends at Econsultancy. They have done a wonderful job speaking to over 1,000 senior marketers, in order to try and establish exactly why the industry is changing so fast and where the opportunities lie. We focused our research on the UK, but also took opinions from USA and APAC in order to compare a world view against what we are seeing in Western Europe. What you will find over these next few pages are some staggering results.
Data

It makes sense to begin at the beginning and for most marketers that still means tackling the data question. Even marketers who consider themselves relatively advanced in terms of their organisation’s ability to capitalise on customer journey analysis can still find challenges in managing data.

Why does data still pose problems? Firstly and most simply, because the sources of that data continue to grow and evolve. New datasets and consumer insights are being revealed all the time.

3.1. An underexploited goldmine

Anyone who believes that data isn’t at the heart of any organisation must have been living under a rock for the last decade. Business in the 21st century simply doesn’t function without data and it is the number one question on every marketer’s lips. Certainly there is no shortage of data, it’s dealing intelligently with it that is the challenge.

On this subject, executives are muted about their capabilities. According to Figure 1, exactly the same number of executives would state that their ability to act on insights derived from customer data is ‘good’ as those who would state it is ‘poor’ (43% each). Few would go so far as to say they were ‘excellent’ (3%) but 11% admit to being ‘very poor’.

Figure 1: How do you rate your company’s ability to act on insights derived from customer data?

Respondents: 635
With 43% self-identifying as ‘poor’, there is clearly a struggle to move from data to insight. Even standard models such as recency, frequency and monetary (RFM) analysis need actionable data. Marketers need to not just sit on volumes of data but be able to identify what is relevant, moving beyond basic reporting. In mapping a customer journey, being able to access insightful and contextual data is vital.

First-party data remains far and away the most available data source, accounting for 75% of a company’s data on average (Figure 2). With such a large volume of information at their fingertips, it would be expected that executives would seek to extract every possible bit of value from it.

**Figure 2: What is the percentage split between your organisation’s customer data sources?**

- First-party data (e.g. website data, CRM data, explicit preferences) 75%
- Second-party data (e.g. someone else’s first-party data) 13%
- Third-party data (e.g. data acquired from data providers) 12%

According to separate Econsultancy research\(^1\), the strongest return on investment was seen to come from first-party data. It is the easiest data resource to justify using and is the best driver of customer value growth. This is the data marketers need to be using to find links in customer behaviours and insights from existing interactions to be able to effectively plot customer journeys.

While first-party data is hugely useful in terms of retargeting and personalisation for existing customers, it is also being explored as an acquisition tool as companies become more adept at gathering customer data pre-purchase. With first-party data, companies can explore the potential of lookalike and predictive modelling. But neither of these is possible without a thorough understanding of the customer journey.

\(^{1}\) [https://econsultancy.com/reports/the-promise-of-first-party-data/](https://econsultancy.com/reports/the-promise-of-first-party-data/)

54% rate their ability to act on insights derived from customer data as ‘poor’ or ‘very poor’
3.1.1. Sources of data
Customer interactions online are currently the richest source of data for companies when they want to analyse their customers’ journeys. Figure 3 shows the range of data sources, with online analytics taking the top spot at 80%.

Figure 3: Which of these data sources does your organisation use to understand the customer journey?

- Online analytics (e.g. Google Analytics) 80%
- Email data 72%
- Customer survey data 66%
- CRM data 66%
- Social data 54%
- Call centre data 36%
- Demographic data from third-party providers 31%
- Offline campaign data (e.g. direct mail) 29%
- Demographic or behavioural data from trusted partners 28%
- Mobile app analytics 24%
- In-store transactional data (EPOS) 19%
- Data from connected devices (Internet of Things) 9%
- None of the above 2%

Encouragingly, the same chart shows that data from customer relationship management (CRM) – the amalgamation of several interactions with the company, such as purchasing data and/or customer service interactions – is valued by two-thirds of executives, while email data is even more popular.

Arguably part of an overarching CRM programme, email is valuable because it is not just the recency and frequency of contact that helps define customer journeys but also reactions to different types of content. Email along with online analytics is also one of the most testable environments for discovering which interactions work best at what point in the journey and therefore delivers some of the most useful insights.

A key source of first-party data, CRM is particularly valuable for its ability to add colour to individual customer journeys. Transactional and loyalty data improves personalisation, itself a proven contributor to growing customer lifetime value.

Interestingly, despite second and third-party data accounting for less than a quarter of a company’s data on average, a little under a third stated they used demographic information from third parties (31%) or data from trusted sources (28%). Second and third-party data sources add value, particularly in extending reach. However, they can be costly to acquire and by virtue of not being owned by the brand, do not necessarily reflect the journeys of the brand’s own customers. You can also argue that, being available to all, using second and third-party data is harder to drive a competitive advantage.
3.1.2. Mobile

Brands that are able to make the most of the opportunities the mobile platform presents are best placed to join the dots in the customer journey. This means moving beyond mobile web into using apps and integrating other mobile-based solutions. Integrating loyalty schemes, providing value-added content and making the most of mobile payments all improve customer experience but they have a vital data role too.

Starbucks’ prepay and loyalty app accounts for 10% of orders during peak business hours. The mobile app runs six million transactions a month, the company claimed in its Q1 2016 earnings call. At nearly $2bn, there was more money held on Starbucks’ North American prepay loyalty cards in that quarter than is held in some banks.

Mobile and electronic payment solutions aren’t just making Starbucks a convenient option, they’re providing a seamless way to link up offline behaviour and transactions that, were they made in cash, would be invisible to the company. As a result, Starbucks posted $5.4bn in revenues in that quarter, exceeding all previous earnings highs.

Mobile may be the answer for Starbucks but despite the market penetration of devices and media emphasis on the mobile channel, less than a quarter (24%) of executives use the information from mobile app analytics to understand customer journeys. Much of this can be attributed to the ongoing challenges of tracking and measurement in native apps and the question of using persistent IDs instead of cookies. Programmes such as Starbucks’ app inevitably require significant investment. Getting buy-in to invest in a programme where ROI may be some way in the future is considered a big sticking point according to executives.

Social media is grabbing the lion’s share of interaction on mobile. Much of brands’ advertising activity within social platforms is viewed on mobile. Its data is not as accessible as if the brands were advertising on the mobile web as a whole. The resulting ‘walled garden’ effect must be impacting brands’ abilities to integrate mobile app analytics.

Added to this is the growing use of ‘dark social’. Not a satanic alternative to Facebook but a way of describing customer interactions through messaging apps, SMS or email that shows up as direct traffic but is usually an untrackable referral. Considering that 54% of executives value social data’s contribution to understanding the customer journey, marketers need to focus on the mobile question as a whole much more than the results of the survey would suggest.

Offline channels are still struggling to add colour and context to the customer journey. Less than a third (29%) of customer information is coming from channels such as direct mail and attempts to use new technologies to link the online and offline worlds are intermittent at best. Innovations such as the Internet of Things (IoT) are only ranked as useful by 9% of executives while relatively long-in-the-tooth technologies, such as in-store transactional data (EPOS), contribute for less than a fifth of respondents.

Executives can’t dismiss integrating the offline portion of the customer journey. Not only does it risk creating a significant disjoint in the critical customer experience but companies who have taken steps to join online and offline (such as the Starbucks example above) have enjoyed considerable success.

Walled garden

When brands interact or advertise within social media platforms such as Facebook, Instagram or Twitter, much of the resulting data remains with the platform and not with the brand. As a result, this creates something of a black hole in the customer journey. In 2016 the prevailing attitude has been that the reach and contextual value of these platforms is such that the inability to use much of the data from these social media campaigns is viewed as something of a quid pro quo. It’s unlikely this will always be the case, however.
3.1.3. Still blind to offline

*Figure 4* shows that companies are using technologies that have been available to them for some time. Respondents are most commonly using codes generated online for offline use (33%) or offline codes used online (22%).

Research from RetailMeNot, an international voucher code provider, found that in 2015 £230bn worth of vouchers was issued in Europe.

**Figure 4: How do you join the dots between online and offline customer visits?**

<table>
<thead>
<tr>
<th>Technology</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tracking codes or coupons generated online for use offline</td>
<td>33%</td>
</tr>
<tr>
<td>Call tracking</td>
<td>26%</td>
</tr>
<tr>
<td>Point of sale data collection</td>
<td>25%</td>
</tr>
<tr>
<td>Offline codes or coupons redeemable online</td>
<td>22%</td>
</tr>
<tr>
<td>Loyalty card scheme</td>
<td>14%</td>
</tr>
<tr>
<td>Click-and-collect scheme</td>
<td>9%</td>
</tr>
<tr>
<td>E-receipts</td>
<td>8%</td>
</tr>
<tr>
<td>In-store geo-targeting technology e.g. beacons</td>
<td>4%</td>
</tr>
<tr>
<td>Other</td>
<td>21%</td>
</tr>
</tbody>
</table>

The total value of redeemed vouchers was £2.1m. Two-fifths of British consumers surveyed said that they appreciated having relevant and targeted offers sent directly to their mobile device so they could redeem them in store. The same research found that 43% of UK consumers would spend more in mobile-friendly stores, which included stores that allowed customers to check availability on mobile (40%) or have a mobile loyalty programme (40%).

It’s clear that marketers are still happy to make a financial trade-off to get hold of data. Codes by their nature involve discounting, eroding margin. It’s a perennial problem for marketers to make sure that such discounts are only used by new customers. Otherwise companies are effectively paying to retain customers and, worse still, paying to gather data they more than likely already possess.

Loyalty card schemes, once the paragon of offline data collection, garner a scant 14%. There has been a falling out of favour with such schemes in recent years, although major brands still maintain theirs, having reached scale and generated networks and customer expectations. It is acknowledged that loyalty schemes are very expensive to run and are not always effective in increasing customer lifetime value. They are effective for generating data but only keep that data current – a vital tool – if used regularly. There is also some question as to the quality of data they can generate, often missing out vital behavioural components and a wider view of that customer’s purchasing behaviour overall.

* http://retailmenot.mediaroom.com/crr-mobilestudy-uk
E-receipts are surprisingly slow to take off at 8% considering the incentives some retailers are offering customers in exchange for their data. Footwear retailer Schuh offers a year’s no-quibble return policy if a customer uses an e-receipt and other stores have followed suit. Mothercare links its e-receipts to a two-year buggy guarantee.

As we might expect, the majority of respondents (72%) are using their data for audience segmentation, which is viewed as a standard tactic for even the most laggard of companies\(^3\). Following swiftly behind, customer journey mapping or analysis is practised by 67% of company respondents.

After this, we see the numbers of companies performing data-related activities begin to fall off dramatically. Only 54% of companies use their data for personalisation – an activity that requires solid segmentation and well-integrated data if it is going to work across all customer touchpoints. Personalisation requires more than just the right name; it depends on context, content delivered at the right point in the journey. For personalisation to work, companies need to be at least competent in journey mapping or analysis.

---

\(^3\) https://www.marketingweek.com/2016/11/10/mark-ritson-bash-segmentation-and-targeting/
Fewer than half of executives are then able to access marketing automation which is essential in a real-time marketing world. It has been pointed out that consumers can shop 168 hours a week but marketers only work for 37.5 of them. A 24-hour call centre is only a tiny part of the solution and marketers need to find ways to introduce capabilities that can cope not just with the volume of communications but the ‘always-on’ nature of them.

Emails are commonly automated but further research from Econsultancy’s Email Marketing Industry Census shows that they are only used in a few core actions, mostly sign-ups or lapsed customers. Where there is a deeper understanding of where the customer is in their journey, companies seem to flounder, with few using triggered emails to follow up on even simple CRM data such as customer birthdays or subscription renewals. Few have used it to manage a timed content programme, upsell or coincide with viewing website content.

It stands to reason that if companies can’t master this, then fewer will manage to execute on predictive or lookalike modelling (21% and 17% respectively). Using machine learning to continually feed new data into existing models is a simple enough concept. It is the basis of credit scoring and, from the marketer’s point of view, can be used to formulate anything from customer lifetime value to churn as well as lead scoring and sentiment analysis. But it requires a level of data stream integration and technical capability that puts it out of reach of companies that are already struggling with personalisation and marketing automation.

### 3.2.1. Mind the gap

Not all companies are created equal. Certainly not when it comes to their ability to understand and build on the customer journey. There is quite a gulf between marketers with an advanced or intermediate ability to understand the customer journey and those who believe that they are still beginners.

This gulf is seriously impacting beginners’ ability to engage in data-related activities.

---

**Case study:**

**NakedWines.com achieves a 40% conversion rate with its highly personalised email campaign**

The Naked Wines subscription wine-by-post service works hard to build a detailed and nuanced first-party data resource that will allow it to increase sales and customer value through a heavily automated email campaign.

Aiming to increase loyalty and sales while improving customer experience, both pre- and post-sale, the company generated an XML recommendations feed. The code from this feed was incorporated into email templates which were then sent via automated campaigns.

Personalisation was driven by a number of data variables, including:

- Account balance
- Basket contents
- Number of wine recommendations
- Subscriber first name
- Number of wines rated
- Customer profile-generated calls to action

The campaign generated a 40% conversion rate, 5.2% increase in site conversion, 7.2% increase in total conversion to order and a 7.9% increase in gross profit per customer. The company now plans to refine its recommendation engine and encourage more customers to rate more wines which will improve overall customer experience and increase the scale of future campaigns.

**Source:** Econsultancy Case Study Database

---

2. [https://econsultancy.com/reports/email-census/](https://econsultancy.com/reports/email-census/)
3. [https://econsultancy.com/blog/68052-what-is-predictive-analytics-and-how-could-you-use-it/](https://econsultancy.com/blog/68052-what-is-predictive-analytics-and-how-could-you-use-it/)
How do we define beginners versus more advanced companies? In this research 51% of respondents came out as beginners, with a limited understanding and a lot of missing parts to their customer journey (Figure 6). Just over a third would suggest they are intermediate, with a good understanding of the journey but who suffer from some gaps in experience. Only 7% are confident enough to claim a thorough understanding of the journey.

It’s clear from the research that hardly any company believes that they are fully competent in using their data to understand customer journeys and then leverage that knowledge effectively in every area.

In Figure 7, fewer than a third of those rating themselves as ‘advanced’ or ‘intermediate’ state that they are able to thoroughly leverage customer data to understand customer needs and behaviour. A further 65% state they are partially able to do so.

**Figure 6: How do you rate your organisation’s ability to understand the customer journey across channels and devices?**
Anecdotally, marketers hail improved customer targeting as a significant factor in reducing marketing spend wastage while also increasing its efficiency. Advanced companies are making the most of this opportunity with 90% of them at least partially able to use data to deliver more targeted and personalised communications and 84% overall using it to optimise marketing budget allocation.

Customer data that lends an understanding to where customer segments spend most of their time allows marketers not just to manage the budget but also where it is spent. In dating app TrueView’s case, it understood that most of its customers were heavily using Instagram and attuned its mix for that demographic.

TrueView developed custom bid and budget rules to make sure that the amount it spends matches the number of users converting.\(^9\) Automating ad buys based on the campaign data resulted in 62% more app installs, a 44% lower cost per install on iOS and 35% lower cost per install on Android.

This is perhaps because, despite the ease with which automation itself can be deployed, being able to do so intelligently with the level of contextual information, the rich media experience and the responsiveness to real-time conditions is very difficult indeed. The variety of data and processes needed to make the automation experience seamless means keeping a great deal of plates spinning. It is understandable that marketers might be wary.

\(^9\) [https://www.marketingweek.com/2016/03/10/how-to-overcome-the-barriers-to-marketing-automation/](https://www.marketingweek.com/2016/03/10/how-to-overcome-the-barriers-to-marketing-automation/)
Organisations rating their ability to understand the customer journey across channels and devices as ‘beginner’ or ‘non-existent’

Figure 8: How well does your organisation leverage customer data for each of the following?

<table>
<thead>
<tr>
<th>Function</th>
<th>Thoroughly</th>
<th>Partially</th>
<th>Not at all</th>
</tr>
</thead>
<tbody>
<tr>
<td>Understand customer needs and behaviour</td>
<td>7%</td>
<td>75%</td>
<td>18%</td>
</tr>
<tr>
<td>Optimise marketing budget allocation</td>
<td>6%</td>
<td>53%</td>
<td>41%</td>
</tr>
<tr>
<td>Deliver more targeted and personalised communications</td>
<td>5%</td>
<td>68%</td>
<td>27%</td>
</tr>
<tr>
<td>Predict future customer needs and behaviour</td>
<td>4%</td>
<td>45%</td>
<td>51%</td>
</tr>
<tr>
<td>Optimise marketing mix decisions</td>
<td>4%</td>
<td>59%</td>
<td>37%</td>
</tr>
<tr>
<td>Automate tasks required to create personalised experiences</td>
<td>2%</td>
<td>46%</td>
<td>52%</td>
</tr>
</tbody>
</table>

Contrast with these findings the responses of the beginner segment in Figure 8. Their belief in their organisation’s ability to leverage customer data is very low. The percentage stating they could thoroughly leverage customer data did not reach double figures.

Predicting future customer needs and behaviour provided stark contrast, with over half not able to attempt this at all. While more than three-quarters of executives state that they are able to respond to their customers’ needs in the here and now, for most of them this would have little or no bearing on how they could understand the customer in the future. Since no sector is safe from disruption, failing to anticipate future customer needs puts brands at significant risk, not to mention leaving the business without any accurate predictor of future growth and stability.

Nearly three-quarters of beginners are able to deliver more targeted and personalised communications but many critics of companies who claim to do personalisation point out that two or three emails in a year does not a targeted campaign make.

Separate Econsultancy research\[^10\] noted that the majority of executives who consider email marketing and automated email marketing vital to growth still only use it at a basic level i.e. welcome and transactional emails. Few respondents are confident that their data would support the automation of personalised communications at all.

3.2.2. Putting data into practice

Advanced companies question their ability to leverage customer data in a range of fundamental marketing functions. So it is understandable that when it comes to undertaking those functions, beginner organisations appear reluctant to stick their heads above the parapet. Figure 9 indicates that there is already a gap between the advanced and beginners in terms of audience segmentation (81% vs. 65%). That gap continues to grow as the data-dependent functions become more advanced.

Figure 9: Which of these data-related functions does your organisation practise?

<table>
<thead>
<tr>
<th>Function</th>
<th>Beginners</th>
<th>Advanced</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer journey mapping / analysis</td>
<td>54%</td>
<td>83%</td>
</tr>
<tr>
<td>Audience segmentation</td>
<td>65%</td>
<td>81%</td>
</tr>
<tr>
<td>Personalisation</td>
<td>44%</td>
<td>67%</td>
</tr>
<tr>
<td>Marketing automation</td>
<td>39%</td>
<td>60%</td>
</tr>
<tr>
<td>Predictive modelling</td>
<td>11%</td>
<td>31%</td>
</tr>
<tr>
<td>Lookalike modelling</td>
<td>11%</td>
<td>25%</td>
</tr>
<tr>
<td>None of the above</td>
<td>2%</td>
<td>14%</td>
</tr>
</tbody>
</table>

Beginners clearly have a better handle on segmentation, which we identified as the first stage of becoming involved in data-driven activities, than they do on customer journey mapping (65% vs. 54%). Personalisation, which we already noted is highly dependent on context and relevance when communicating, sees beginners lag advanced companies by 23 percentage points.

To understand the size of the task faced by beginner brands, cycle and motor parts retailer Halfords took 18 months to complete a personalisation strategy that involved its most extensive customer insight task ever and overhauled its brand platform. Halfords had never attempted to engage with customers at this level before.

Interviewing thousands of customers online and offline to find out what the brand should mean, this was a shift away from pure price and promotion-based marketing that worked from very basic segmentation and nothing more.

7% rate their ability to understand the customer journey across channels and devices as ‘advanced’

---

The company also introduced e-receipts in January 2016, allowing it to collect one million email addresses, matching 15% of retail sales to customers. This resulted in a four-fold increase in offline customer journey tracking over two months. The company aimed to have a full customer view in the 12 months that followed and according to Halford’s Marketing Director, this “means we can talk to customers with relevant information and targeted communication rather than a blanket one-size-fits-all approach”.

By contrast, companies with an advanced or intermediate understanding of the customer journey are not only more likely to engage in personalisation (67%) but are also able to approach it with a good deal of sophistication.

Personalising a content strategy is particularly advanced. It relies on accurate customer data and an ability to translate that into insights that reflect a customer’s likely empathy with the content they receive.

Waitrose wanted to offer more unique and tailored content experiences to newly established customers who could potentially become long-term users. The company identified that customers who shopped at least five times online were more likely to become loyal.

The personalised content strategy, which delivered relevant and individual content to customers based on their shopping habits and spend, was paired with a discount incentive that encouraged at least five separate shopping trips. Customers were grouped by previous order history that was matched to a relevant incentive code. Online orders rose by 24%, new customer conversions increased by 30% and returning visitor targeting saw a 20% uplift in return visitor targeting.

If their systems are not ready to cope with the data demands that automation makes of them, companies will do well to steer clear until they are ready. Nonetheless, there are many benefits, both financial and strategic, that automation can provide.

Predictive and lookalike modelling fall down to nothing more than a marketer’s best guess if they are not based on solid customer journey analysis. While more advanced companies are two to three times more likely to engage in this than beginners, it is still a minority sport.

Using both modelling and automation can seem tantalisingly close. From a technology perspective, neither tactic requires the wholesale reengineering of systems to integrate the capability. In many scenarios, it is simply a case of finding software-as-a-service applications that plug into most CRM platforms. But again, unless those CRM systems are capable of managing the data required to perform these functions successfully, no amount of simple software will deliver a successful campaign.

Little over a third of beginners attempt marketing automation and the apocryphal stories of ‘Dear [Your Name Here]’ make it clear there are many risks to letting a machine take over the volume and speed of your communications strategy when its data foundations are crumbling. In fact, some of the most advanced companies have yet to get it right. Ebay is a particular culprit when it comes to using customer data to retarget ads when its data systems fail to register that a purchase has already been made.

12 https://econsultancy.com/blog/67889-how-waitrose-is-using-personalisation-to-increase-conversions/
Customers will not be pushed down a funnel as they will be where they want and when they want. It is up to a brand to understand how to meet them on their terms.

Changing customer behaviours are forcing organisations to follow suit. When marketing was all about the funnel it seemed so simple. The job of marketing was to create awareness to pour customers in at the top of the funnel; the job of sales was to close the deal at the bottom. This is no longer the case. The roles of sales and marketing are now converging.

A great experience at the point of sale can be the sole reason for repurchase, while inspired social content will send an online customer straight to one-click ordering. On top of this, the changing nature of both marketing and sales is bringing them into closer contact with IT, operations and merchandising to name but a few.

Several companies have already begun the process of bringing marketing and sales closer together. In May 2016 Mars created the new role of Chief Marketing and Customer Officer. The remit is to oversee media, consumer marketing, customers and sales. The sales and marketing teams were not merged but it was agreed that they would be working much more closely together.

In 2015 Heineken created a similar Chief Customer Officer role to streamline its activities and simplify decision making. Pernod had pre-empted this by creating a whole new division to unify sales and marketing to get a “holistic approach of the consumer decision”.

4.1. Organisational barriers
4.1.1. Silos and culture

Figure 10 reflects the organisational challenges that companies are facing. More than half of the more advanced companies cited ‘silied organisational structures’ (53%) as a key sticking point and predictably, beginners suffer more than most (64%).

Hierarchical and overly process-driven, siloed organisational structures slow communication down and foster distrust. They are breeding grounds for inconsistent messaging and experiences and prevent the sharing of information.

Silos aren’t just inconvenient. They cost the business money. Customer experience is damaged by delays, repetitive communications and a lack of consistency.

Silos are not insurmountable, provided that the company culture is there to support change. Unfortunately, this is also an area where both advanced and beginner companies agree – just under a third of respondents state that the competition between channels and company culture is actively blocking their view of the customer journey.

To a certain extent, the digital environment that has enabled a customer-centric view of the world to emerge is as much to blame for channel competition and a negative company culture. An embarrassment of riches when it comes to attribution and metrics has combined with a deep desire to stop marketing from being seen as nothing but a cost centre.

As a result, each department is fighting for acknowledgement of success and ownership of their piece of the customer pie. It is with great reluctance that any one function is happy to be an unacknowledged ingredient in the customer-centric soup. That beginners and advanced companies suffer equally (32% vs. 31%) would suggest that ability is no discriminator when it comes to the need for praise.

59% cite ‘silied organisational structures’ as a significant barrier

13 https://www.marketingweek.com/2016/05/09/what-marketers-can-learn-from-getting-closer-to-sales/
14 https://www.marketingweek.com/2015/03/31/heineken-to-combine-marketing-and-sales-roles-in-organisational-shakeup/
Figure 10: What organisational barriers do you face in trying to build a joined-up view of the customer journey?

- IT bottlenecks: 55% (54%)
- Siloed organisational structure: 53% (64%)
- Insufficient budget: 35% (47%)
- Competition between channels / company culture: 31% (32%)
- Lack of leadership / ownership: 30% (44%)
- Lack of marketers with the right skills: 27% (44%)
- Low business priority: 16% (34%)
- Other: 4% (5%)

Organisations rating their ability to understand the customer journey across channels and devices as ‘advanced’ or ‘intermediate’

Organisations rating their ability to understand the customer journey across channels and devices as ‘beginner’ or ‘non-existent’

4.1.2. Follow the leader

It would seem that not all companies enjoy the vision deployed by Heineken, Mars and Pernod. Nearly a third of advanced companies and almost half of beginners cite lack of leadership or ownership of the customer journey as an organisational barrier.

While there is no need for companies to create formal, board-level positions to oversee departmental unification, leadership is essential to get any form of coherent strategy in place. Having some form of top-down sponsorship is also useful when it comes to breaking down the cultural protectionism mentioned in the section above.

Insights from an Econsultancy roundtable on understanding the customer journey and the change from a product-focused company culture to a customer-focused culture suggests that an education project is essential. Providing metrics such as the potential or actual impacts on Net Promoter Score (NPS), customer acquisition cost and customer lifetime value are useful in winning over business.\(^{16}\)

While pinning down concrete leadership challenges both sets of executives, few in the advanced segment (16%) suffer because understanding the customer journey was low down the list of business priorities. For around a third of beginners, however, the case was the opposite. As outlined in Section 3, beginner companies are struggling to use data to optimise the marketing mix, segment and understand current customer needs. Customer journey mapping can contribute to improvements here but the case may well be that beginners are simply already trying to fight fires on too many fronts already.

4.1.3. Under-resourced and overstretched

‘Water, water everywhere and not a drop to drink’. Anyone who has had an encounter with the martech LUMAscape recently will understand the metaphor. It’s a veritable tsunami of marketing technology.

With so many solutions sloshing around, it seems strange that executives should be citing IT bottlenecks as their top organisational barrier. However, it’s precisely because there is so much technology available, changing and evolving that is creating an industry-wide paralysis.

Pressure is coming from two places. Internally, there is pressure to make the right choice. A survey conducted by Econsultancy among Australian executives found that the CMO was spending more on technology than the CIO.17 As needs and solutions seem to change every week, it is a test of nerve and stamina to keep up. Typically brands have added to their technology stacks incrementally as new challenges have arisen. This means that they have a range of solutions with overlapping and sometimes contradictory features, which can sometimes cause confusion.

Externally, there is such a huge flow of information and a demand for interaction across a platform landscape that keeps changing and evolving that brands have no choice but to integrate solutions or risk being left behind.

Of course, bringing on board new technologies is no use unless companies are equipped with the staff to feed and manage them. Yet this is a problem for both advanced companies (27%) and beginners (44%).

Speaking at the 2016 Festival of Marketing, Unilever CMO Keith Weed highlighted why it is imperative for brands to keep up with new technology and ideas. Businesses need to accept that we need to take a different approach to skills and capabilities. Organisations are currently a mix of digital natives who have grown up with technology and a potentially lost generation – people in their late thirties and early forties who lack the knowledge but are in no rush to gain it either. Unilever, Weed added, invests in mandatory training for all, stating that he is “being cruel to be kind”.

Another way for brands to upskill is simply to buy it in. For a company such as Deliveroo, which has been engaged in an aggressive push for global growth, expanding its roster of data scientists from 150 to 300 at its London headquarters, is the natural option. The company is looking to expand beyond 100 cities and 16,000 restaurants globally.18

The third prong in the trident resource of pain is insufficient budget. Being forced to account for every last penny is a worthwhile skill but when it comes at the expense of much needed investment, parsimony becomes harder to justify.

While insufficient budget affects nearly half of beginner companies (47%), just over a third of more advanced organisations suffer. It goes back in part to the issue of leadership and low business priority. To get investment off the ground, marketers have to be able to present a defined business case complete with strategic goals and KPIs if they are to secure investment. It should be noted that marketing technology investment is unlikely to come from an overall increase in budget so justifications have to be based on compelling reasons to divert budget from elsewhere.

4.2. Technical barriers

4.2.1. Too much complexity

If being able to interact where they want and when they want is a consumer’s idea of heaven then it’s clearly the marketer’s worst nightmare. Nearly two-thirds of executives find trying to build a joined-up view of the customer experience difficult because of the complexity of the customer experience or the number of touchpoints (Figure 11). More than half of more advanced companies have difficulty in unifying different data sources while nearly three-quarters of beginners struggle with this.

Juggling the complexity may be front of mind but the next two issues can have an immediate impact on the customer experience. We have already seen that while marketers live a 9-to-5 existence, customers desire a service that is always on. To be able to provide this service, data needs to be available in real time and automated technologies need to be able to deliver on its insights 24/7.

Two in five advanced companies cannot act on data quickly enough (Figure 11). The fact that many companies suffer from siloed organisational structures and IT bottlenecks is undoubtedly one of the main reasons why 27% of advanced companies feel that data isn’t readily accessible and is contributing to the lack of speed.

Being able to act on customer needs in real time is clearly of such great importance to two major mobile network operators that they have taken it upon themselves to model consumers’ real-time issues so they can build in responsiveness.

In February 2016, Telefonica announced that it was to begin a project to capture, in real time, the quality of customer service experience when using the service, regardless of where and when it was used. The aggregated and anonymised data would then help the company anticipate incidents, create automatically generated, pre-planned actions that can fix any issues. UK network provider Vodafone also announced a similar strategy across 22 markets to improve its own customer experience management.

Data privacy issues (22%) don’t appear to be a major cause for concern but compliance with EU regulations due to come into force in 2018 (depending on the outcome of Brexit) may push this higher up the agenda for marketers. Having to comply with current EU data protection standards, which are some of the most stringent in the world, puts companies in a strong position as they adhere to what is seen as a gold standard. Regulations are prone to change, however, and UK companies’ positions post-Brexit remain very uncertain.

In fact, the consumers’ use of dark social far outweighs the attention companies are giving it and this is cause for concern. The 6% above could reflect one of two perspectives: companies are either too mired in managing the basics of understanding the customer journey that they’re too stretched to also tackle dark social, or they simply don’t understand the size of the threat.

While it is a small portion of respondents, the 6% who are facing an issue with the growing prevalence of dark social could prove to be the thin edge of the wedge.

Figure 11: What technical barriers do you face in trying to build a joined-up view of the customer journey?

<table>
<thead>
<tr>
<th>Technical Barriers</th>
<th>0%</th>
<th>10%</th>
<th>20%</th>
<th>30%</th>
<th>40%</th>
<th>50%</th>
<th>60%</th>
<th>70%</th>
<th>80%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Complexity of customer experience / number of touchpoints</td>
<td>61%</td>
<td>64%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Difficulty unifying different data sources</td>
<td>64%</td>
<td>72%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inability to act on data quickly enough</td>
<td>40%</td>
<td>53%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Poorly integrated marketing technology</td>
<td>38%</td>
<td>59%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lack of processes / workflow</td>
<td>28%</td>
<td>57%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Data not readily accessible</td>
<td>27%</td>
<td>41%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tracking across different mobile devices</td>
<td>23%</td>
<td>29%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Data privacy issues</td>
<td>22%</td>
<td>22%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customers withholding personal information e.g. ad blockers</td>
<td>9%</td>
<td>6%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Growing prevalence of dark social</td>
<td>6%</td>
<td>2%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>2%</td>
<td>1%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Organisations rating their ability to understand the customer journey across channels and devices as ‘advanced’ or ‘intermediate’

Organisations rating their ability to understand the customer journey across channels and devices as ‘beginner’ or ‘non-existent’

Respondents: 733
In Section 3, we noted that increasing volumes of traffic were coming through dark social, or referrals from messaging apps that show up as direct traffic. Some workarounds have been proposed, such as using analytics software to identify unusually long strings (few people type a long URL directly into a browser) but this is not ideal. This will be a rising concern as dark social use increases.

With more and more customer activity taking place in dark social, companies that fail to engage soon will find the gap in their understanding of the customer journey widening. Brands that are able to engage early on can expect to gain a march on their competitors.

Companies are taking tentative steps to interact with dark social. Adidas is using influencers and identifying target consumers for one-to-one conversations via WhatsApp and Facebook Messenger. Having discussed the importance of automation for reach and economies of scale, however, the current engagement in dark social – bots aside – seems to be a human activity. In major cities, Adidas uses footballers who influence their peers and use community management, reporting back the results of those conversations to the business.

The availability of customer information doesn’t dominate the technical barrier debate but it is interesting that it is a greater concern for advanced companies than beginners. Customers specifically withholding information troubles nearly a tenth (9%) of advanced companies. This may well be due to the fact that advanced companies have made better progress in developing their existing data resources and are now looking for more complex and unique sources to deliver critical competitive advantage.

4.3. Inconsistency rules

Philosophically, marketers are aligned. They recognise the importance of data for understanding the customer journey. It is clear that they need to work hard to overcome a range of organisational and technical barriers to begin the necessary integration that will help most of them move beyond basic segmentation and automation to delivering a more holistic customer experience that meets expectations.

Figure 12: Please indicate whether you agree or disagree with the following statements relating to the customer journey.

```
<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Somewhat Agree</th>
<th>Somewhat Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>We don't know the lifetime value of our customers</td>
<td>11%</td>
<td>25%</td>
<td>32%</td>
<td>8%</td>
</tr>
<tr>
<td>We don't have a standard approach to measuring the impact of campaigns</td>
<td>28%</td>
<td>32%</td>
<td>32%</td>
<td>11%</td>
</tr>
<tr>
<td>Audiences are more tech-savvy than the business we operate in</td>
<td>26%</td>
<td>39%</td>
<td>39%</td>
<td>8%</td>
</tr>
<tr>
<td>Artificial intelligence (AI) is increasingly important to our strategy</td>
<td>26%</td>
<td>33%</td>
<td>33%</td>
<td>11%</td>
</tr>
<tr>
<td>We've built our own marketing cloud</td>
<td>21%</td>
<td>31%</td>
<td>31%</td>
<td>7%</td>
</tr>
<tr>
<td>We have the right tools but don't know how to use them</td>
<td>10%</td>
<td>21%</td>
<td>21%</td>
<td>7%</td>
</tr>
</tbody>
</table>
```

Respondents: 700

4.3.1. Too much confusion over metrics

For example, executives understand the need to access multiple data sources and use them for a variety of tasks, ranging from optimising the media mix to understanding customer needs and behaviours. Yet according to Figure 12, 67% still don’t have a standard approach to measuring the impact of campaigns.

In an effort to define a standard framework for measuring healthcare marketers’ contributions, the Society for Healthcare Strategy and Marketing Development (SHSMD) came up with 17 core metrics that financial executives and healthcare marketers felt were most important. The resulting white paper found that while growth and brand metrics were widely adopted, marketing communications metrics lagged behind. Barely more than half of the marketers cited satisfaction as a metric. CFOs also wanted to see marketing’s direct contribution to growth but weren’t concerned with stakeholder engagement and marketing communications.20

Focusing on short-term growth and not longer-term impact could well be why such a large number of executives also admitted to not knowing the customer lifetime value (CLV). It can be years before a new customer becomes profitable. Skills, which have already been identified as lacking, are needed because there is no one-size-fits-all approach. RFM models are popular but again, data needs to be available and useful to deliver any kind of meaningful CLV insight. As CLV is a useful model to help businesses understand when and where they should be paying extra attention to customers, companies need to work harder to start building their CLV resource.

It seems that most marketers are running hard to stand still in their efforts to build the customer experience based on their understanding of customer journeys. On the one hand, data sources and the technology to manage them seem to continually evolve yet on the other, it always appears that the consumer is one step ahead.

4.3.2. Greater technological competency required

More than half (57%) of respondents feel that their audiences are more tech-savvy than the business they operate in. This isn’t hard to believe as customer experience and trends are being led by a handful of powerful, digital-first, global disruptors at the bleeding edge of innovation. Amazon continues to revolutionise all aspects of convenience and delivery, driving customer expectations of every sector from books to food and fashion off the charts. Uber may operate in the taxi sector but its approach to online/offline is where the real revolution lies. Paying online for a service that is immediately consumed offline is where the norm.

Despite their relative inability to manage CLV and campaign measurement, executives are already preoccupied with new technologies. Two-fifths of respondents stated that artificial intelligence is increasingly important to their strategy. This doesn’t mean that they expect to be replacing all customer service reps with robots but recommendation engines and automated content suggestions are already mainstream, which, again, raises customer expectations.

The modular approach to IT made necessary by a constantly evolving set of needs is slowly taking hold, with 26% of respondents stating that they have, to a lesser degree, started building their own marketing cloud or suite of marketing technologies that will serve their expansive and differing needs.

More respondents admit that they have managed to access what they believe are the right tools for the job but lack the expertise to use them properly. With an estimated third of marketing’s budget spent on technology, it is high time marketers are able to make the most of that investment.

On top of traditional marketing technologies like CRM systems, standard automation such as email triggers and the more recent data management platforms, there is a whole range of point solutions in the marketing stack that each have their own analytics outputs. Not only do few of these outputs work together to create an immediate picture, they only integrate with each other on certain levels, not all of them the same.

The result of this confusion is the slowly emerging role of the Chief Marketing Technology Officer. This role is still something of a rarity and confined mostly to agency positions where marketers seek advice and support on the latest technologies. However, as the need to manage a growing number of technological interactions becomes more pressing, we might be seeing more of these roles cropping up on the client side.

20 https://econsultancy.com/blog/67863-healthcare-marketers-making-progress-on-measurement-metrics/
Removing Channel Vision

At the heart of understanding the customer journey is the understanding that customers operate in a truly multichannel universe. They don’t just use multiple channels, they move back and forth between them and they use several channels at the same time. How customers interact with those channels changes depending on what they are being used for. Capturing this fluid experience is at the heart of most businesses’ digital transformation.

It should come as no surprise that customer experience is forcing transformation on companies. Calling this digital transformation perhaps risks missing a large part of the picture. Certainly, brands are having to invest heavily in new technologies, both customer-facing and on the back-end. But these actions are having ramifications across the whole business.

Econsultancy published an overview of how six retailers in the US and UK had been impacted by digital transformation as they responded to the changing nature of their customers’ journeys. The following are two examples.

Macy’s in the US is a household name that conjures up images of a grand department store but, in recent years, the store is more likely to be a run-down unit in an out-of-town mall. In August, the company announced that sales were slipping and it was to close 100 of its 728 stores. As ecommerce tools and logistics become more sophisticated, customers need a compelling experiential reason to shop offline. Macys’ priorities for 2017 are to build capacity on websites and apps, simplify ordering and improve the ‘buy online, collect in store’ facility.

In the UK, John Lewis is becoming an online stalwart with a third of all sales coming from ecommerce. Mobile and tablet transactions were also up by a third in 2015. Convenience has been its killer app, with click and collect up by 16% and accounting for half of all orders. Adding Waitrose grocery stores as a collection destination was inspired.

The company is also increasing its commitment to loyalty, particularly through its mobile app. John Lewis was relatively late to the loyalty scheme game but now has 1.6m members and 1.5m extra purchases have been made through it during its two-year existence. Sales overall were up by 5.1% by December 2015 in challenging retail conditions. It is testament to the strength of the majority of its multichannel customer experiences when the retailer has achieved this despite two high-profile failings in its outsourced call centres and small parcel delivery service.

5.1. Data is the key to integration

Not all businesses can rely on the extensive reserve of customer goodwill and market share that John Lewis enjoys when their multichannel offerings fail to live up to expectations. According to our research, fail they must as the vast majority of respondents admitted they are some way from being able to build an integrated, omnichannel view of the customer journey.

Figure 13 shows that 68% of respondents claim that they had managed to join the dots but had a long way to go, 2% have tried and failed and only 8% feel they have tied together data from multiple channels, technologies and databases.

Executives don’t want to stay channel-focused. They are aware of the limitations of optimising in channel silos. The survey results, however, indicate that for the time being, business as usual is per channel as usual.

Figure 14 reveals that the majority of intermediate or advanced marketers admit there is still little integration across channels (39%) or that there is integration but activities are still channel-focused (42%). Beginners skew heavily to the completely unintegrated end of the spectrum with over half managing only a little integration and nearly a third (30%) still operating in silos.

Figure 13: How close is your organisation to building an integrated, omnichannel view of the customer journey?

- 68%: We have tied together customer data from multiple channels, technologies and databases
- 18%: We have started to join the dots, but have a long way to go
- 2%: We would like to do this, but don’t know where to start
- 4%: We have already tried and failed to bring together all data
- 8%: We have no plans to integrate data across channels, technologies and databases

Respondents: 760

Figure 14: How integrated are multichannel touchpoints within your organisation?

- 52%: Fully integrated
- 42%: Integrated, but channel-focused
- 39%: Little integration across touchpoints
- 14%: Managed in silos
- 17%: Organisations rating their ability to understand the customer journey across channels and devices as ‘beginner’ or ‘non-existent’
- 1%: Organisations rating their ability to understand the customer journey across channels and devices as ‘advanced’ or ‘intermediate’

Respondents: 725
This impact of a channel focus is clearly seen in an organisation that would probably see itself as quite advanced in terms of understanding customer journeys and digital transformation: John Lewis.

We mentioned its two high-profile failings in call centre and delivery operations. In terms of the latter, the choice of delivery service caused multiple deliveries to be late, be damaged or fail. The courier was clearly chosen on the basis of cost to John Lewis, not by its potential to uphold the retailer’s brand promise. Indeed, one article covering the problem stated: “staff in the stores continue to be praised” and “the service we received was most un-John Lewis like”.\(^{22}\)

A fully multichannel organisation with a strong understanding of the customer journey would have been able to have a meeting that involved marketing, sales, merchandising and operations. The insight would have been on the table that John Lewis’s unique brand proposition was its service. In fact, in today’s customer experience-led world, the retailer should perhaps consider that highlighting its service proposition is now more apposite than its nearly 100-year-old strapline: ‘Never knowingly undersold’.

Equally, the cost-driven decision to outsource its call centre handling and inventory management caused a growing tide of customer complaints in late 2015. The front-end customer experience in store, on mobile or on desktop remains very typically John Lewis and is one of the best examples of the use of CRM and web design. But it hasn’t been supported by operations.

The data that needs to be joined-up isn’t just customer-facing. According to a report in The Guardian, some online orders are fulfilled by the supplier without John Lewis controlling or handling the order and delivery. The retailer countered the report by saying that it had a management team in place and set standards that were being met, but actively distancing itself from a critical part of the process from a customer experience perspective in pursuit of channel cost savings is a risky business.

From Christmas 2015, when in-store sales were down but online sales were skyrocketing, poor customer experience in these two channels has had a significant deleterious impact. In the six months to July 2016, profits were down an estimated 15% (excluding a charge for write-offs). The roles are now reversed. Customers online are hankering after the in-store experience but it is still not enough to drive them offline and into a John Lewis store.\(^{23}\) If the retailer isn’t careful, these experiences will drive customers into the arms of Amazon.

The John Lewis example becomes even more salutary when you acknowledge two things. Firstly, it is still a leader in terms of understanding its customers and managing the process of digital transformation. Secondly, it is not alone in leaving a considerable gap in its customer experience optimisation plans.

\(^{22}\) https://www.theguardian.com/money/2015/jan/31/john-lewis-customer-services-digital-age

5.2. Desktop still king of channel experience

There is a clear bias towards optimising the online experience according to Figure 15. Where John Lewis is suffering is in the offline space, a collection of channels that receives attention from barely a quarter of executives surveyed. Instead, desktop continues to enjoy the lion’s share of optimisation for 79% of respondents.

Figure 15: Which of your organisation’s channels have been optimised to enhance the customer experience?

<table>
<thead>
<tr>
<th>Channel</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Desktop website</td>
<td>79%</td>
</tr>
<tr>
<td>Mobile website</td>
<td>61%</td>
</tr>
<tr>
<td>Email</td>
<td>53%</td>
</tr>
<tr>
<td>Social</td>
<td>37%</td>
</tr>
<tr>
<td>Search</td>
<td>31%</td>
</tr>
<tr>
<td>Offline channels (e.g. direct mail)</td>
<td>17%</td>
</tr>
<tr>
<td>Mobile app</td>
<td>16%</td>
</tr>
<tr>
<td>Other</td>
<td>4%</td>
</tr>
</tbody>
</table>

61% have optimised their mobile websites to enhance the customer experience

Desktop websites are certainly one of the most important channels for engaging customers with content and there is evidence that rich content correlates with improved conversion rates. Commentary from Biglight suggests that improvements in rich content are responsible for 50% of retailers’ conversion improvements.24 Their research suggests that users who interact with rich content are 20% more likely to purchase than those who do not and average order value is 22% higher for those who interact with rich content. Critically, the content has to be presented during the whole customer journey and during a single session so it is visible and relates to items that the customer considers relevant.

It is also important to note in the ecommerce environment that engagement with rich content on the homepage is very low (25-35%) and 50% of users start their journeys on product pages. The most successful content is threaded through pages that make up the customer journey, including product listings, product details and reviews.

24 https://econsultancy.com/blog/68074-is-content-really-the-solution-to-lacklustre-conversion-rates/
5.3. Mobile as a platform, not a channel

The mobile website and mobile app garnered 61% and 16% of respondents respectively. That apps continue to score low is to be expected. Brands are still wrestling with investment in branded apps, knowing that a great deal of customer interaction on mobile is in social apps. They can’t be sure of share of mind. There is value in loyalty, however, and it has been noted that customers who transact on mobile are identified as being more loyal to the brand overall.

Walmart has been experiencing rapidly declining fortunes in the US over the past three decades but there are signs that the decline might be reversing. Revenue is now up by 0.5% year-on-year and established stores’ sales and footfall are up. One of the contributing factors has been the introduction of Walmart Pay and similar in-app payment solutions could see the app become much more powerful as an online/offline multichannel integration tool in the future.

Walmart’s app has 22m monthly active users and almost half of all online orders in 2015 came through it. The ‘Pay’ function is integrated in-app and can be used to pay in store using a QR code in a similar way to Starbucks’ version. In-app offline payments are still in their infancy but Uber’s rapid education of consumers in this new behaviour will almost certainly see it hit the mainstream quickly.

Essentially, mobile’s use in m-commerce is important but its key function in delivering multichannel experience is as an enabler. It enables customers to have a richer experience offline and, when well integrated across functionalities, can prove incredibly convenient (tap-and-go transportation, virtual cinema tickets and loyalty cards etc.). From a business perspective, it unites critical data streams, resolving customer journey data vacuums where previously it had been nearly impossible to complete the full journey map.

5.3.1. A word about search

Garnering 31% of responses in Figure 15, search remains an important point in the customer journey, particularly when it comes to new customer acquisition. However, companies need to be careful about how they approach their search strategies and particularly in view of how the search experience is created on mobile.

On desktop, organic search is still at the mercy of brand name recognition. Without considering the implications of paid-for search results dominating the first page, organic keyword search is a weak strategy for gaining reach. Companies should be investing in building brand name awareness and recognition to make desktop search more cost-effective as it becomes much more expensive to push a generic keyword to the top of the results than it does to promote a unique brand name.

On mobile, where paid search results are only visible on the first SERP, the strategy must revolve around the value and specific goals of driving a customer to search on mobile web. It must also guarantee that the action the brand is hoping they will perform is both specific and effective enough to gain first or second-tier results.
5.4. Email and social

If desktop is the default digital destination and optimised as a matter of course and if mobile is the critical platform to keep on top of, then email is the marketer’s customer experience workhorse.

With over half (53%) of respondents optimising it to achieve customer experience goals, email remains a popular investment. ROI has risen from 66% in 2008 to 73% in 2016. A popular choice for entry-level automation, the increasing use of dynamic content to engage and drive customers to specific actions is boosting performance. It may be some time before email fully integrates across all other touchpoints (although integrations with smartwatches and the Internet of Things are coming over the horizon) but its value is already being recognised as a behavioural trigger.

Marketers continue to be wary of optimising for social. There is still a lack of consensus over what role it plays in the customer relationship and how much it delivers on conversion as a content platform. There is no denying its usefulness as an ad environment and it has made great contributions in terms of lookalike modelling for those companies able to manage their own data into the shape needed to access the service. However, 2016 brought up a number of viewability issues and the debate is ongoing as to what constitutes a usefully viewed period for a static or video creative.

Dark social is also causing marketers to scratch their heads and the exploration of bots to be able to usefully interact in the messaging space is gaining momentum. Dutch airline KLM is exploring the use of bots to take the strain off its 235 agents dealing with the 100,000 weekly mentions. Its social media popularity has meant that the company has already had to move its ‘60 minute’ promise to a ‘when you need it promise’ – a triage based on the time sensitivity of the query. One option for it to be able to meet customer expectations is to introduce AI and bots.

Another topic for media hype, it’s important to understand what AI is able to deliver, now and in the future. Perhaps one way to understand it better is to refer to it as augmented intelligence, rather than artificial.

There is certainly potential to use natural language processing to understand customer inputs and replicate a more human tone of voice in response but AI’s current strengths lie in accuracy, faster processing times of standard information and an always-on capability.

Using AI allows companies to manage the great increases in customer demand for information (such as insurance policy documents, bank statements, order progress etc.) using machines, which then frees up human resources to deal with more complex, emotional needs. It’s not about replacing man with machine, it’s about complementing them.

Speaking at the Festival of Marketing in 2016, KLM’s social media manager admitted that bots couldn’t replace the human experience and as that was one of the company’s central brand pillars, bots won’t be taking over the customer service role any time soon. However, they can provide functional support – finding boarding passes etc. – while AI is able to trawl the customer data in nanoseconds to provide agents with swift, contextually relevant answers that are “the best of both worlds – a timely answer, a correct answer and a personal answer. The best of humans and the best of tech”.

25 https://econsultancy.com/blog/68507-which-vertical-sector-is-the-king-of-the-hill-for-email-marketing/
The Customer Journey – Business Impacts

6.1. Where is customer value unlocked?

To deliver on customer experience, organisations need to be able to map and understand the touchpoints influencing the customer’s decision journey. Due to the proliferation of devices and channels, obtaining such a granular view of the customer is not a straightforward task. Marketers also need to take real-time into account and to make things even more complicated, they may need to track online and offline touchpoints for consistent experiences.

Mapping the customer journey may involve board-level approval for multi-million pound technological investments. Still, it is clear that while the process of mapping the customer journey may be complex, there is no question that executives understand the value of trying to do so. Three-quarters (74%) of respondents indicate that customer journey mapping / analysis is ‘highly valuable’ (Figure 16).

6.1.1. A valuable experience

Customer experience is a term that has evolved in recent times from a buzzword or lip service to imply a compassionate company, to a strategy that is delivering real business impact.

Considering the customer decision journey, at face value, customer experience is the sum total of all experiences that a customer has throughout their relationship with a company. It includes all touchpoints, including post-purchase interactions.

As the number of substitute products grows, consumers can be overwhelmed by choice, meaning that branding is once again playing an important role. But branding is no longer about outbound communications. Businesses that wish to focus on customer experience need to reorient their operations to focus on cultivating long-term relationships with customers rather than simply marketing products.

This focus on customer experience can be observed in the mission statements of some brands. Consider Starbucks’ mission statement: “To inspire and nurture the human spirit – one person, one cup and one neighbourhood at a time.”

Using every tool at marketers’ disposal to deliver an optimal customer experience should be companies’ number one priority. Clearly then, understanding and being able to service the customer at each point along their customer journey should be at the heart of delivering great customer experiences.

Barely any of our survey respondents, whether beginner or advanced, could find no value in any of the data-related functions listed in Figure 16. From mapping the journey, to using it to inform personalisation through automation and predictive modelling, it is clear that companies find each of these elements at least quite valuable.
That beginners should find these functions less valuable than their advanced peers may be a result of unsatisfactory experiences of trying to implement them. A caveat for companies to consider is that if they try to undertake any of these strategies and fail, consumers tend to be quite unforgiving. From complaining about or unsubscribing from unnecessary emails to making use of ad blockers in order to avoid pointless retargeting, consumers vote with their fingers and their feet. This can make it very difficult for brands to regain their favour.

There is strong evidence to suggest that companies who invest in customer experience benefit more than those who don’t. In Forrester’s Customer Experience Index, it was reported that by comparing five pairs of publicly traded companies where one in the pair had a significantly higher score in the customer experience index than the other, the compound annual growth rate (CAGR) was 17% versus 3% for the laggards.
6.2. Retention versus acquisition – the marketing prize-fight

The issue at hand is that companies surveyed revealed that on average, 45% of their revenues are delivered by retention activities and 55% are achieved through acquisition activities (Figure 17). On the face of it this seems to be a fairly even balance.

Figure 17: What is your organisation’s revenue split between customer acquisition and customer retention?

However, we know very well that it is exponentially more expensive to acquire new customers than it is to retain existing ones. What this report has shown is that companies, even beginners, have a wealth of data and resources to strengthen the business relationship and therefore extent of the customer lifetime value from existing customers. In other words, all indicators point to the fact that they should be focusing on retention.

Focusing on retention makes better use of resources which, as many have admitted through the survey results, are stretched thin as it is. Working to give the best experience to current customers can create a loyal and vocal brand army that can magnify any future attempts at acquisition.

Yet in Figure 18 we can see that half of the more advanced companies place equal focus on acquisition and retention. Just over a third (34%) are more focused on acquisition and only 14% place more emphasis on retention.

So-called beginner companies are more focused still on acquisition with nearly half skewing their efforts towards it.
Figure 18: Is your organisation’s customer journey strategy more focused on acquisition or retention?

What Figure 18 doesn’t show is whether these businesses are putting any thought into next steps. In Section 3 we talked about the importance Waitrose placed on personalisation. It used whatever contextual information it could find about new and early-stage customers to deliver the right incentive to encourage a conversion.

The important thing about Waitrose’s campaign is that a key piece of customer insight showed that if customers shopped more than five times, they had a significantly higher propensity to remain loyal than those who could be persuaded to shop once or twice. The retailer’s discounts (although the small print did require a large basket size) might seem an expensive acquisition strategy (offering variously £65-£80 off). However, as it was spread across five different shopping ‘trips’ to access the full discount, the strategy had retention already built-in.
6.3. It’s all about conversion

If companies are committed, either philosophically or out of necessity, to go down the acquisition route, the cost is such that, once companies have managed to secure the customer’s attention, it makes sense to put as much energy and effort into securing that sale as possible. This is clearly why, in Figure 19, below, a massive 83% of executives expect to see higher engagement and conversion rates for their efforts.

Figure 19: What are the main business benefits of understanding customer journeys?

- Higher engagement and conversion rates: 83%
- Renewal, cross-sell and upsell: 58%
- Better brand perception and loyalty: 51%
- Increased average order value: 27%
- Increased return on ad spend: 19%
- Reduced marketing and advertising cost: 19%
- Other: 3%
- Not sure: 1%

83% see higher engagement and conversion rates as the main benefits of understanding customer journeys.

Take, for example, the travel sector. It is a particularly fraught battleground for independent brands, dominated by a handful of well-resourced digital-first online travel agents (OTAs) such as Expedia and Booking.com. Their brand recognition almost always guarantees that they will be the first point of contact for potential customers. Stats are frequently bandied about in this sector around exactly how many websites or sources a customer will visit before they decide to buy (anything between about 12 and 27 according to some reports) but OTAs certainly dominate.

Increasing average order value isn’t high on the list of priorities for the respondents to our survey, coming in at less than a third (27%) but where acquisition is the focus, it’s understandable that executives give it a back seat. This is not to say it is the wisest use of the resources available to them.

6.3.1. Easy wins

It is disappointing to see that renewal, cross-sell and upsell attract little over half of respondents. The data acquired over the customer journey provides ample opportunity to expand either average order value or lifetime value and is possible even if, like many of the respondents to this survey, the prevailing thought is that ‘we can’t unify data very well’.

Perhaps upselling and cross-selling suffer from being viewed as opportunistic activities. The simple fact is that offering customers complementary products or better versions of the ones they’ve selected from an ocean of choice is a value-added service.
Perhaps the opportunity is saving customers’ money by highlighting a ‘buy one get one free’ (BOGOF) offer that they missed in the infinite realm of possibility that is the weekly online grocery shop or suggesting essential bits of kit like a brace and an HDMI cable for a new TV.

Certainly, introducing a recommendation engine on the scale of something like Amazon requires extensive resource and capability but generally you don’t need to drill down to every nuance of customer behaviour to develop a suite of recommendations that might go well together. It’s a simple winning strategy to be helpful at the right time.

6.3.2. The forgotten brand

In a digital age where immediacy rules and focus lands on clicks and actions, it is easy to forget about the long-term gains of focusing on the brand. As proof, barely half of respondents felt that understanding the customer journey benefitted brand perception and loyalty.

This is a classic example of failing to take the wider or long-term view. In brand terms, we have already mentioned the challenge companies face when it comes to using search. Brand building is the key to succeeding. Trying to compete against companies with more brand recognition or deeper pockets by using generic keywords is a fool’s errand. It’s expensive with no guarantee of success. Going counter to received wisdom and investing – to a degree – in wider broadcast media that is less targeted or personalised encourages brand awareness. Delivering a strong positive experience based on a good understanding of the customer journey is what raises that awareness to consideration.

While the acquisition-focused survey respondents may feel that the retention-based loyalty strategy is of lower importance immediately, it’s important to remember the power of recommendation and social leverage. Reviews and customer endorsement are recognised as so important that the Competition and Market Authority had to step in early in 2016 to warn businesses about generating fake reviews to inspire customer confidence. The one thing common to customers who recommend and leave these all-important reviews is that they have positive perceptions of the brand and are, to at least some degree, loyal.

---


---

Case study: QHotel's newly launched website boosts conversions by over 30%

QHotels wanted to relaunch its website to encourage higher conversions, higher average order values and mobile bookings. By analysing existing PPC and SEO data as well as doing qualitative and quantitative surveys, the company identified four areas for improvement: the mobile experience, booking engine, hotel pages and offers.

Following the launch of the new website, an extensive four-week testing period followed to benchmark performance against user online behaviour and intention.

Average order value and number of hotel rooms booked both increased and drove an overall increase in conversion rates of 31%.

Source: Econsultancy Case Study Database27
6.3.3. Efficiencies: a secondary consideration

There is no doubt that understanding the customer journey has the potential to reduce wastage through effective targeting. Personalisation allows companies to connect more closely with customers who, feeling valued, are overall more likely to convert. Effective use of data as a result of understanding the customer journey makes marketing automation possible, saving staff costs and time.

However, when asked what the main business benefits of customer journeys might be, increasing return on ad spend and reducing marketing costs are only valued by less than a fifth of respondents (Figure 19). It is what we could refer to as a partially intended consequence.

Marketers are constantly under budget pressures and any proof points that show they can operate more efficiently are undoubtedly going to work in their favour but it is not the main reason they are diverting their energies towards understanding the customer journey. It is encouraging that in this we see an attitudinal shift away from the desired outcome of any marketing activity being a direct ratification of that specific tool or campaign, and are moving more towards a holistic view of business success in terms of increased sales and customer lifetime value.

6.4. Budgeting for the right tools and people

There is no shortage of companies willing to divert more and more money into digital. Both Econsultancy's own research and other studies, such as the IPA Bellwether, note that around three-quarters of executives are looking to increase investment in digital.

However, this comes at the same time as they are expressing concern that they still can’t move the company out of a siloed, channel-focused mindset. From a customer journey perspective, the ability to get hold of investment for an overarching, potentially long-term ROI is pretty uneven.

In Figure 20, we can see that very few have nailed down a budget specifically for understanding the customer journey. Further, twice as many advanced companies (15%) than beginners (7%) have managed to dedicate a budget for understanding the customer journey.

Most are left siphoning off budget from other disciplines or there is a tacit understanding that some budget should be put aside for customer journey work.

This can prove to be an issue because the ROI cycle of customer journey work is largely incompatible with other marketing or sales disciplines. Sales are able to hit monthly, weekly and even daily targets. Digital campaign management can run on a similar timescale. Customer journey mapping cannot.

Where there is a disconnect between investment and a perceived lack of financial or timely return, it may foster distrust in the whole project. With so many other projects clamouring for investment, less enlightened companies can abort their customer journey mapping plans before they’ve had a chance to gain momentum. This can bring us back to the situation we saw earlier, where 2% of companies had already tried and abandoned their attempts to unify data for future customer journey use.

6.4.1. Proving customer journey effectiveness

When executives were asked directly how they measured the effectiveness of their customer journey efforts, the results were disparate, showing no clear, industry-leading or best-in-class approach. It would appear that again around a third had no clear metric in place at all. The word cloud overleaf identifies the most commonly used tactics.

While there’s not necessarily a demand for an industry-wide, gold-standard approach to measuring customer journey effectiveness, efforts need to be made to find a way of measuring its effects in both the short to mid and long term. Without this benchmarking, strategies to support customer journey mapping will become all too easy to dismiss in favour of more immediate investment needs. Whatever method is chosen, it’s clear that ultimate success is going to be judged in improved customer experience and how it relates to each company’s chosen goals.
Figure 20: Does your organisation have a dedicated budget for understanding the customer journey?

Respondents: 636

Organisations rating their ability to understand the customer journey across channels and devices as ‘advanced’ or ‘intermediate’

Organisations rating their ability to understand the customer journey across channels and devices as ‘beginner’ or ‘non-existent’

Figure 21: Which metrics do you use to evaluate your customer journey efforts?
6.5. A need for direction

While we’ve already seen that the customer journey transcends the whole organisation, flowing seamlessly across sales and marketing, merchandising and logistics, there needs to be ownership and leadership as well as at least an idea of strategic direction. These were three things that beginner companies had noted earlier that were, if not the biggest, certainly significant barriers to their ability to progress with understanding the customer journey.

It’s notable then in Figure 22 that more than a quarter (26%) of beginner companies have no-one to sponsor their customer journey activities.

A further quarter (24%) of both more advanced companies and beginners state that this sits within the marketing department and it seems to solidify the trend for marketers to drive this challenge forward.

As we’ve already seen, marketing guides the technology choices with the resulting creation of the chief marketing technologist role. Forward-thinking brands who recognise the need to bring sales and marketing together seem to be handing oversight to marketing leaders.

Having 42% of more advanced companies spreading ownership of the customer journey across a number of different departments is both good and bad. From the perspective of making sure every department is invested in its success and able to transcend silos, culturally this can only be a good thing. Ultimately however, you can’t have more than one person driving the bus. At some point there has to be a single point of reference.

The rise of the Chief Customer Officer has been a result of this need to draw a customer-centric line in the sand. Marketing Week\(^2\) developed an outline for the role of the Chief Customer Officer in 2015.

\(^2\) [https://www.marketingweek.com/2015/10/07/ashley-friedlein-are-chief-customer-officers-a-passing-fad-or-the-future/](https://www.marketingweek.com/2015/10/07/ashley-friedlein-are-chief-customer-officers-a-passing-fad-or-the-future/)
Figure 22: Who owns the customer journey within your organisation?

![Bar chart showing ownership of the customer journey within an organisation.](chart.png)

- No-one has responsibility: 26%
- A mixture of different departments: 34%
- Marketing department: 24%
- The whole organisation: 6%
- Customer experience team: 7%
- Other: 3%

Organisations rating their ability to understand the customer journey across channels and devices as ‘advanced’ or ‘intermediate’

Organisations rating their ability to understand the customer journey across channels and devices as ‘beginner’ or ‘non-existent’

Respondents: 709

This could be a recipe for creating customer journey leadership:

- Appointed with a strategic agenda around growth and integrating channels.
- P&L responsibility and large teams.
- Experience in multichannel roles, or at least some digital experience.
- No other CMO or CDO in the company; these fall under the CCO remit.
- Complete oversight of technology, data, innovation and insight.
- Next stop: CEO.

At the top end of the scale there are a lucky few who enjoy a regularly reviewed, comprehensive strategy to optimise their customer journey (8% intermediate or advanced, 1% beginners, see Figure 23) but for the most part, even advanced companies are just at the start of the journey.

It’s important to recognise that while a strategy and formal guidance at board level is highly desirable, it’s not an option today for the vast majority of organisations. This doesn’t mean that they should sit on their hands and wait for the time to arrive when they need to get things down on paper.

So much of the success in digital transformation has been in companies’ ability to get comfortable with ‘just good enough’. The implication that there is an all-seeing controller general in charge of a rigidly structured customer journey plan is a fallacy. At best, weekly plans of action can be agreed at meetings that then ebb and flow with changes in the market and customer behaviour. A sense of direction is important, while putting everything on rails is counterproductive.
6.6. Future challenges

There are encouraging signs that companies are beginning to take on board strategies and processes that will help them understand the customer journey, optimise activities around it and build competitive customer experiences as a result.

There is undoubtedly a long way to go for the majority of executives and for some the process can seem daunting. Changing a corporate culture is not easy. But it can be done. For those who haven’t already done so, real investment is needed to make the best use of data; data that most already have but just can’t access.

As seen in Figure 24, 45% of more advanced companies and only 16% of beginner companies can access the data skills needed to effectively map the customer journey. That leaves over half of even the most competent organisations lacking the ability to organise their insights, let alone move forward with technology.

For many, the answer will be to seek out partners to support whatever in-house capability they have. This is increasingly the role for agencies as automation makes many of their traditional functions such as buying and scheduling media redundant. Instead, they can turn their hands to bringing years of specific expertise to help generalists, their clients, make the most of data-led opportunities.

Econsultancy’s report on the role of marketing agencies in data management29 highlighted the changing roles of consultants whose role fell outside the digital remit, increasingly taking on consultancy in data management platform (DMP) and demand-side platform (DSP) evaluations and programmatic strategy.

Making the most of the marketing technology stack will be next on the agenda as companies progress towards effective optimisation. Less than half (45%) of intermediate or advanced marketers feel equipped for the task while fewer than half their number of beginners are confident.

---

The New Marketing Reality
In association with IBM Watson Marketing

Figure 24: Which of the following statements apply to your organisation?

![Bar chart showing percentages of organisations with different abilities.]

- Organisations rating their ability to understand the customer journey across channels and devices as ‘advanced’ or ‘intermediate’
- Organisations rating their ability to understand the customer journey across channels and devices as ‘beginner’ or ‘non-existent’

The abundance of technology available has in the past created something of a paralysis of choice. Marketers wondering where to start could do worse than looking towards The Stackies, a slightly tongue-in-cheek but nonetheless useful award for the best marketing technology stack. The Stackies Awards\(^30\) showcase a large collection of different interpretations of ways to tackle various marketing challenges through technology and for those unsure where to start, the winner is considered to be a best-in-class version.

Again, just as there is an embarrassment of riches when it comes to marketing technology so too are there an almost infinite number of ways to slice and dice campaign results to tie them to the bottom line. That’s not to say companies feel particularly successful at linking customer experience to revenue and cost savings. More advanced organisations are more than twice as likely to be able to tie customer experience activities to revenue and/or cost savings (44% vs. 17% of beginners).

It’s important for marketers to get on board with discovering which of the many options available to measure campaign effectiveness is going to be most relevant to understanding their own progress towards business goals. With a focus turning towards the customer, it is hard for executives inured in digital metrics to let go of the precision and immediacy of some of the reporting for a return to Net Promoter Scores and sentiment analysis.

The final challenge for executives is to be able to take their approaches to optimising the customer experience and do them at speed. We’ve already seen from earlier survey results that executives consider their audiences to be already much more technologically advanced than they are. Customer expectations are evolving faster than companies’ abilities to service them and in Figure 24 it becomes very clear that even few of the more advanced companies are set up to match those expectations.

Prioritising and focus are going to be the key to accelerating companies’ understanding of the customer journey and their ability to optimise customer experiences. There are still a great many areas that require improvement and the temptation is to try to bring them all up to speed as rapidly as possible. The trick is going to be to create a smooth and continually upward-moving trajectory towards optimal customer experience rather than a series of false starts that could ultimately undo even the best of intentions.

\(^{30}\) [http://chiefmartec.com/2015/06/21-marketing-technology-stacks-shared-stackies-awards/]
Key Takeaways

Most executives are not overly confident in their ability to extract insights from data and yet they are sitting on a vast reserve of proprietorial, competitive, first-party data. A focus on acquisition is blinding executives to the reservoir of potential growth they already possess.

The use of new technologies such as the Internet of Things (IoT) and mobile beacons is attractive but they are not currently used in high volumes because companies recognise that they need to perfect the basics first. There is too little integration between systems and datasets to begin introducing even more touchpoints and variables into the mix. There is still a great deal of scope to find growth in existing resources, if only companies are able to focus on improving their integration.

Technology is a sticking point even for the more advanced companies. The task ahead is to assess what companies currently have in terms of tools, whether or not they are fit for purpose, how they can be made fit for purpose, if they can integrate with other tools and datasets and, if not, what assistance companies can get to supplement either their technological tools or skill sets.

The potential reach promised by digital is tempting executives towards an expensive and channel-focused customer acquisition strategy when they should be maximising investment by focusing more on customer sets they already have. Mapping those customer journeys without confusing the issue by introducing more diverse customer segments will allow companies clarity on their most effective strategies and allow them to tie journeys across channels together more cleanly.

Being stuck in silos is as much a mindset as a structural issue. Those with the drive to push customer journey mapping to the top of the agenda find a way around physical barriers. Don’t wait until budgets are apportioned or technologies bespoke to the situation are bought. Divert resources and bootstrap to move the company forward. Business buy-in generally only occurs when there is proof of concept, however nominal.

Companies further down the customer journey maturity curve are likely to pull away from the laggards even faster in the future as they are in a position to capitalise on technologies such as machine learning and automation. Companies in catch-up mode need to find some way of overcoming immediate barriers that are preventing them from enjoying these advantages or they may find that the gulf soon becomes too wide to close.
### Appendix

#### 8.1. Additional data

**Figure 25: What organisational barriers do you face in trying to build a joined-up view of the customer journey?**

<table>
<thead>
<tr>
<th>Organisational Barrier</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Siloed organisational structure</td>
<td>59%</td>
</tr>
<tr>
<td>IT bottlenecks</td>
<td>54%</td>
</tr>
<tr>
<td>Insufficient budget</td>
<td>41%</td>
</tr>
<tr>
<td>Lack of leadership / ownership</td>
<td>38%</td>
</tr>
<tr>
<td>Lack of marketers with the right skills</td>
<td>37%</td>
</tr>
<tr>
<td>Competition between channels / company culture</td>
<td>32%</td>
</tr>
<tr>
<td>Low business priority</td>
<td>27%</td>
</tr>
<tr>
<td>Other</td>
<td>5%</td>
</tr>
</tbody>
</table>

Respondents: 737
Figure 26: What technical barriers do you face in trying to build a joined-up view of the customer journey?

- Difficulty unifying different data sources: 66%
- Complexity of customer experience / number of touchpoints: 62%
- Poorly integrated marketing technology: 50%
- Inability to act on data quickly enough: 47%
- Lack of processes / workflow: 44%
- Data not readily accessible: 35%
- Tracking across different mobile devices: 26%
- Data privacy issues: 22%
- Customers withholding personal information e.g. ad blockers: 7%
- Growing prevalence of dark social: 4%
- Other: 2%

Respondents: 733

Figure 27: How integrated are multichannel touchpoints within your organisation?

- Fully integrated: 3%
- Integrated, but channel-focused: 27%
- Little integration across touchpoints: 46%
- Managed in silos: 24%

Respondents: 725
Figure 28: How advanced is your organisation’s strategy for optimising the customer journey?

Respondents: 741

- 4% We have a comprehensive strategy, which is frequently reviewed
- 7% We have a well-developed, comprehensive strategy
- 14% We have just implemented a strategy
- 60% We are beginning to develop a strategy
- 15% There is no strategy

Figure 29: Who owns the customer journey within your organisation?

Respondents: 709

- 37% A mixture of different departments
- 24% Marketing department
- 9% The whole organisation
- 8% Customer experience team
- 3% Other
- 19% No-one has responsibility
Figure 30: Is your organisation’s customer journey strategy more focused on acquisition or retention?

![Bar chart showing the distribution of responses to the question about the focus of customer journey strategy.]

Respondents: 677

Figure 31: How well does your organisation leverage customer data for each of the following?

- **Understand customer needs and behaviour**: 17% Thoroughly, 71% Partially, 12% Not at all
- **Optimise marketing budget allocation**: 12% Thoroughly, 57% Partially, 31% Not at all
- **Deliver more targeted and personalised communications**: 11% Thoroughly, 69% Partially, 20% Not at all
- **Optimise marketing mix decisions**: 9% Thoroughly, 63% Partially, 28% Not at all
- **Predict future customer needs and behaviour**: 8% Thoroughly, 54% Partially, 38% Not at all
- **Automate tasks required to create personalised experiences**: 7% Thoroughly, 51% Partially, 42% Not at all

Respondents: 655
Figure 32: Which of the following statements apply to your organisation?

- We have the tools we need for customer journey mapping and analysis: 31%
- We have the data skills needed to effectively map the customer journey: 28%
- We can tie customer experience activities to revenue and/or cost savings: 28%
- We have the marketing resources needed to act on journey insights quickly: 20%
- None of the above: 37%

Respondents: 627

Figure 33: Does your organisation have a dedicated budget for understanding the customer journey?

- Yes, we have a single dedicated budget: 10%
- Yes, but budget is split between different departments: 24%
- No, we use budget that was assigned for other things: 40%
- No, there is no budget at all: 26%

Respondents: 636
Figure 34: Which of these data sources does your organisation use to understand the customer journey?

- Online analytics (e.g. Google Analytics) - 80% (61%)
- Email data - 75% (70%)
- CRM data - 60% (75%)
- Customer survey data - 63% (70%)
- Social data - 45% (66%)
- Call centre data - 30% (46%)
- Demographic data from third-party providers - 21% (36%)
- Demographic or behavioural data from trusted partners - 17% (35%)
- Mobile app analytics - 21% (35%)
- Offline campaign data (e.g. direct mail) - 25% (33%)
- In-store transactional data (EPOS) - 25% (25%)
- Data from connected devices (Internet of Things) - 15% (16%)
- None of the above - 1% (2%)

- Organisations rating their ability to understand the customer journey across channels and devices as 'advanced' or 'intermediate'
- Organisations rating their ability to understand the customer journey across channels and devices as 'beginner' or 'non-existent'

Respondents: 806

Figure 35: What is the percentage split between your organisation's customer data sources?

- Third-party data (e.g. data acquired from data providers) - 12%
- Second-party data (e.g. someone else's first-party data) - 14%
- First-party data (e.g. website data, CRM data, explicit preferences) - 74%
- None of the above - 11%

- Organisations rating their ability to understand the customer journey across channels and devices as 'advanced' or 'intermediate'
- Organisations rating their ability to understand the customer journey across channels and devices as 'beginner' or 'non-existent'

Respondents: 727
Figure 36: How close is your organisation to building an integrated, omnichannel view of the customer journey?

- 73% have tied together customer data from multiple channels, technologies and databases.
- 65% have started to join the dots, but have a long way to go.
- 25% would like to do this, but don’t know where to start.
- 0% have already tried and failed to bring together all data.
- 0% have no plans to integrate data across channels, technologies and databases.

Organisations rating their ability to understand the customer journey across channels and devices as ‘advanced’ or ‘intermediate’

- Organisations rating their ability to understand the customer journey across channels and devices as ‘beginner’ or ‘non-existent’

Respondents: 760

Organisations rating their ability to understand the customer journey across channels and devices as ‘advanced’ or ‘intermediate’

Figure 37: How valuable are the following functions for customer experience optimisation?

- Customer journey mapping / analysis: 80% highly valuable, 20% quite valuable.
- Personalisation: 70% highly valuable, 28% quite valuable, 2% not valuable.
- Audience segmentation: 69% highly valuable, 30% quite valuable, 1% not valuable.
- Marketing automation: 58% highly valuable, 42% quite valuable.
- Lookalike modelling: 53% highly valuable, 46% quite valuable, 1% not valuable.
- Predictive modelling: 33% highly valuable, 66% quite valuable, 1% not valuable.

Respondents: 256
Organisations rating their ability to understand the customer journey across channels and devices as ‘beginner’ or ‘non-existent’

Figure 38: How valuable are the following functions for customer experience optimisation?

- Customer journey mapping / analysis
  - Highly valuable: 68%
  - Quite valuable: 31%
  - Not valuable: 1%

- Audience segmentation
  - Highly valuable: 58%
  - Quite valuable: 40%
  - Not valuable: 2%

- Personalisation
  - Highly valuable: 53%
  - Quite valuable: 45%
  - Not valuable: 2%

- Marketing automation
  - Highly valuable: 52%
  - Quite valuable: 47%
  - Not valuable: 1%

- Lookalike modelling
  - Highly valuable: 36%
  - Quite valuable: 57%
  - Not valuable: 7%

- Predictive modelling
  - Highly valuable: 33%
  - Quite valuable: 60%
  - Not valuable: 7%

Respondents: 266

Figure 39: Which of your organisation’s channels have been optimised to enhance the customer experience?

- Desktop website
  - Highly valuable: 83%
  - Not valuable: 77%

- Mobile website
  - Highly valuable: 69%
  - Not valuable: 63%

- Email
  - Highly valuable: 47%
  - Not valuable: 63%

- Social
  - Highly valuable: 28%
  - Not valuable: 49%

- Search
  - Highly valuable: 41%
  - Not valuable: 24%

- Mobile app
  - Highly valuable: 26%
  - Not valuable: 9%

- Offline channels (e.g. direct mail)
  - Highly valuable: 19%
  - Not valuable: 15%

- Other
  - Highly valuable: 4%
  - Not valuable: 5%

Respondents: 650
Figure 40: How do you join the dots between online and offline customer visits?

<table>
<thead>
<tr>
<th>Technology</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tracking codes or coupons generated online for use offline</td>
<td>27%</td>
</tr>
<tr>
<td>Call tracking</td>
<td>22%</td>
</tr>
<tr>
<td>Point of sale data collection</td>
<td>22%</td>
</tr>
<tr>
<td>Offline codes or coupons redeemable online</td>
<td>19%</td>
</tr>
<tr>
<td>Loyalty card scheme</td>
<td>10%</td>
</tr>
<tr>
<td>E-receipts</td>
<td>4%</td>
</tr>
<tr>
<td>Click-and-collect scheme</td>
<td>11%</td>
</tr>
<tr>
<td>In-store geo-targeting technology e.g. beacons</td>
<td>6%</td>
</tr>
<tr>
<td>Other</td>
<td>12%</td>
</tr>
</tbody>
</table>

Organisations rating their ability to understand the customer journey across channels and devices as ‘advanced’ or ‘intermediate’

Organisations rating their ability to understand the customer journey across channels and devices as ‘beginner’ or ‘non-existent’

Figure 41: Please indicate whether you agree or disagree with the following statements relating to the customer journey.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audiences are more tech-savvy than the business we operate in</td>
<td>15%</td>
</tr>
<tr>
<td>Artificial intelligence (AI) is increasingly important to our strategy</td>
<td>15%</td>
</tr>
<tr>
<td>We don’t know the lifetime value of our customers</td>
<td>15%</td>
</tr>
<tr>
<td>We don’t have a standard approach to measuring the impact of campaigns</td>
<td>15%</td>
</tr>
<tr>
<td>We’ve built our own marketing cloud</td>
<td>15%</td>
</tr>
<tr>
<td>We have the right tools but don’t know how to use them</td>
<td>15%</td>
</tr>
</tbody>
</table>

Respondents: 292
Organisations rating their ability to understand the customer journey across channels and devices as ‘beginner’ or ‘non-existent’

Figure 42: Please indicate whether you agree or disagree with the following statements relating to the customer journey.

- **We don’t know the lifetime value of our customers**
  - Strongly agree: 7%
  - Somewhat agree: 21%
  - Somewhat disagree: 5%
  - Strongly disagree: 36%

- **We don’t have a standard approach to measuring the impact of campaigns**
  - Strongly agree: 5%
  - Somewhat agree: 21%
  - Somewhat disagree: 10%
  - Strongly disagree: 33%

- **Audiences are more tech-savvy than the business we operate in**
  - Strongly agree: 20%
  - Somewhat agree: 28%
  - Somewhat disagree: 34%
  - Strongly disagree: 14%

- **We have the right tools but don’t know how to use them**
  - Strongly agree: 42%
  - Somewhat agree: 30%
  - Somewhat disagree: 5%
  - Strongly disagree: 31%

- **Artificial intelligence (AI) is increasingly important to our strategy**
  - Strongly agree: 5%
  - Somewhat agree: 4%
  - Somewhat disagree: 33%
  - Strongly disagree: 46%

- **We’ve built our own marketing cloud**
  - Strongly agree: 2%
  - Somewhat agree: 14%
  - Somewhat disagree: 30%
  - Strongly disagree: 44%

Respondents: 405

Figure 43: What is your organisation’s revenue split between customer acquisition and customer retention?

- **Organisations rating their ability to understand the customer journey across channels and devices as ‘advanced’ or ‘intermediate’**
  - Acquisition: 44%
  - Retention: 56%

- **Organisations rating their ability to understand the customer journey across channels and devices as ‘beginner’ or ‘non-existent’**
  - Acquisition: 45%
  - Retention: 55%

Respondents: 595
Figure 44: How do you rate your company’s ability to act on insights derived from customer data?

- Excellent: 65%
- Good: 27%
- Poor: 24%
- Very poor: 3%

Organisations rating their ability to understand the customer journey across channels and devices as ‘advanced’ or ‘intermediate’

Organisations rating their ability to understand the customer journey across channels and devices as ‘beginner’ or ‘non-existent’

Figure 45: What are the main business benefits of understanding customer journeys?

- Higher engagement and conversion rates: 82%\(\pm\) 84%
- Renewal, cross-sell and upsell: 58%\(\pm\) 59%
- Better brand perception and loyalty: 47%\(\pm\) 54%
- Increased average order value: 30%\(\pm\) 25%
- Reduced marketing and advertising cost: 20%\(\pm\) 19%
- Increased return on ad spend: 17%\(\pm\) 21%
- Other: 2%\(\pm\) 3%
- Not sure: 0%\(\pm\) 2%

Respondents: 635
8.2. Respondent profiles

Figure 46: In which region are you based?

Respondents based in Europe
Figure 47: In which of the following countries are you based?
Figure 48: What best describes your job role?

Respondents: 985

Manager: 50%
Director / senior director: 16%
Junior executive / associate: 16%
C-level / general manager: 6%
VP / SVP / EVP: 4%
Board level: 3%
Other: 5%

Figure 49: Are you more focused on B2B or B2C marketing?

Respondents: 986

B2C marketing: 45%
B2B marketing: 29%
B2B and B2C (equally): 20%
Today these sorts of distinctions are redundant: 6%
**Figure 50: In which business sector is your organisation?**

- Retail / Mail Order (incl. online retail): 13%
- Financial Services and Insurance: 13%
- Consumer Goods: 12%
- Technology: 8%
- Travel and Hospitality: 8%
- Charities and Non-Profit: 7%
- Professional Services (e.g. consulting): 6%
- Manufacturing and Engineering: 5%
- Healthcare and Pharmaceuticals: 4%
- Media: 4%
- Automotive: 3%
- Print / Publishing: 2%
- Telecoms: 2%
- Government: 2%
- Gaming and Gambling: 1%
- Other: 10%

**Figure 51: What is your annual company revenue?**

- <£1 million: 9%
- £1 – £10 million: 18%
- £10 – £50 million: 16%
- £50 – £150 million: 16%
- £150 million – £1 billion: 20%
- More than £1 billion: 21%

Respondents: 951

Respondents: 948
About Econsultancy

Econsultancy’s mission is to help its customers achieve excellence in digital business, marketing and ecommerce through research, training and events.

Founded in 1999, Econsultancy has offices in New York, London and Singapore.

Econsultancy is used by over 600,000 professionals every month. Subscribers get access to research, market data, best practice guides, case studies and elearning – all focused on helping individuals and enterprises get better at digital.

The subscription is supported by digital transformation services including digital capability programmes, training courses, skills assessments and audits. We train and develop thousands of professionals each year as well as running events and networking that bring the Econsultancy community together around the world.

Subscribe to Econsultancy today to accelerate your journey to digital excellence.

Call us to find out more:

- New York: +1 212 971 0630
- London: +44 207 269 1450
- Singapore: +65 6653 1911

About IBM Watson Marketing

Watson Marketing is the only marketing platform of its kind that uses cognitive technologies to help businesses build more profitable, loyal and meaningful relationships with their customers.

Marketers can use the power of Watson technology not just to manage customer journeys, grow brand value and increase ROI, but to create unique insights around the emotions and behaviours of their audiences.

Learn more about what’s possible for your customers, your brand and your business at ibm.com/watson/marketing.