451 Research® | **BLACK & WHITE PAPER**

Customer Experience as the Catalyst for Digital Transformation

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About this paper

A Black & White paper is a study based on primary research survey data that assesses the market dynamics of a key enterprise technology segment through the lens of the "on the ground" experience and opinions of real practitioners – what they are doing, and why they are doing it.

ABOUT THE AUTHOR

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Table of Contents

Introduction

Customer experience is driving many digital transformation projects, as businesses invest in new digital technologies and processes to more effectively engage customers, partners or employees. Digital experiences are the new heart of customer engagement. This approach is critical for delivering a new generation of customer engagement that goes beyond 'traditional' CRM to deliver a connected, contextual experience on any channel across the entire customer journey.

Businesses are investing in tools that synthesize various data sources across enterprises to provide insight into moments of influence, enabling faster and more personalized interactions across the customer journey. In a recent 451 study on digital transformation and customer experience, we asked respondents to identify the most important sales and marketing opportunities for their organization. Figure 1 shows the top sales and marketing use cases based on a ranking of top-five importance.

Figure 1: Most Important Sales & Marketing Opportunities in Digital Transformation
Source: 451 Research
Q. Which of the following opportunities or outcomes are most important to your organization?

Opportunity	Percentage
Digitize the sales process with intelligent document process automation and digital signatures to speed revenue recognition	61%
Use customer profile data from CRM with relevant third party data to help optimize interactions across the customer journey	59%
Identify and target new customers based on your most profitable customers	58%
Achieve a single, holistic view of your customer with data and process alignment between marketing and sales	58%
Ensure marketing effectiveness through improved true measurement of multi-touch attribution	55%
Give entire organization instant access to the insights and visualizations in real time across all devices	55%
Build an intelligent digital platform that can ensure hyper-personalization strategies	54%
Improve collaboration among creative teams for the creation of contextually relevant content	53%
Create targeted advertising with integrated search insight	48%

However, the data doesn't provide the complete picture. There are lots of variations by industry – especially if you look at only the top three verticals. For example, **Manufacturing, Financial Services and Media all prioritized the ability to intelligently digitize the sales process. Retail wants a single view of the customer. Consumer Packaged Goods wants an intelligent digital platform for hyper-personalization.** There are lots of great use cases, but it's certainly not a one-size-fits-all approach.

Most of the use cases take advantage of significant advancements in dynamic content, prescriptive insight and intelligent automation to improve customer experiences. By embedding intelligence into customer-facing processes, businesses can build deeper connections, recommend next best actions and create more contextually driven interactions.

Since emotion is the currency of experience, businesses will strive to harness the power of human decision-making behavior to improve brand loyalty. **With 77% of businesses interested in leveraging relevant rich-media content to personalize the customer interaction, the revitalization of storytelling gives these businesses an opportunity to regain their footing by creating more interactive and personalized engagements with customers across mobile, social and video channels.**

Orchestrating the Customer Journey

In our study, 80% of businesses said they are very interested in tracking and measuring the customer journey to understand and increase customer engagement and retention. Every interaction that a customer has – planned or unplanned – is part of a continuum of processes that must be connected into a continuous experience. And every benefit derived from knowing customers and managing relationships with them involves leveraging data and applications to control their journeys. There are facets of the physical journey as well that, when tracked, can be used as influencing factors in digital interaction.
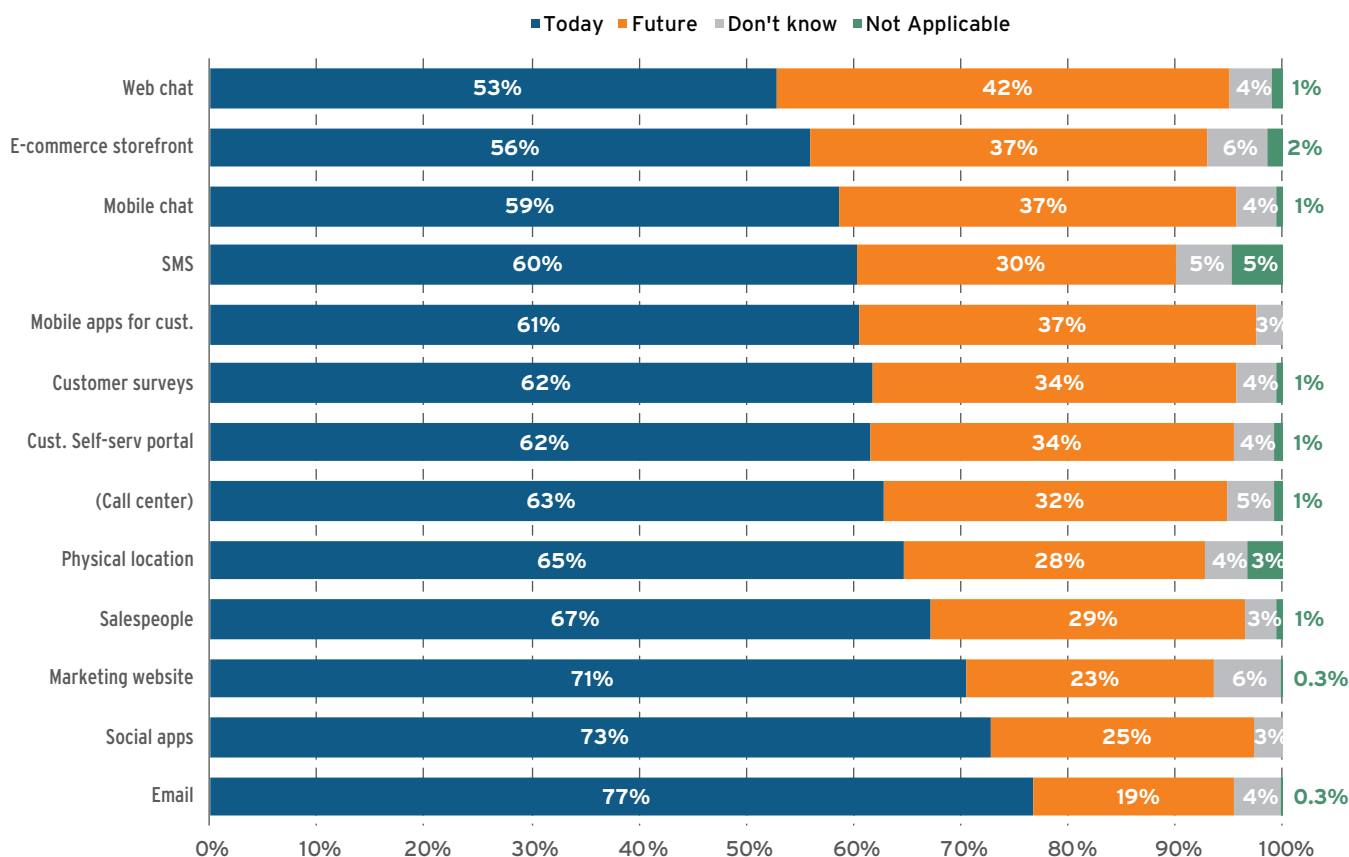
Yet, it's virtually impossible to plan for all potential customer journeys, because each is essentially a series of non-linear, self-directed interactions, or 'micro-moments,' across a customer's channel of choice. And it's not just the digital interactions that need to be mapped, but also physical interactions such as phone calls or face-to-face contact.

Figure 2 shows an evolving set of customer touchpoints that are increasingly mobile-first. It's an omnichannel engagement scenario that requires unified and connected experiences across all channels of consumer interaction – from retail store, social, email and voice to SMS, web and the latest mobile applications, as well as back-end processes such as pricing and inventory.

## Figure 2: Customer Touchpoint Explosion

Source: 451 Research
Q. Which customer touchpoints does your company use today, or plan to use in the next three years?

Legend: ■ Today ■ Future ■ Don't know ■ Not Applicable

Touchpoint	Today	Future	Don't know	Not Applicable
Web chat	53%	42%	4%	1%
E-commerce storefront	56%	37%	6%	2%
Mobile chat	59%	37%	4%	1%
SMS	60%	30%	5%	5%
Mobile apps for cust.	61%	37%	3%	
Customer surveys	62%	34%	4%	1%
Cust. Self-serv portal	62%	34%	4%	1%
(Call center)	63%	32%	5%	1%
Physical location	65%	28%	4%	3%
Salespeople	67%	29%	3%	1%
Marketing website	71%	23%	6%	0.3%
Social apps	73%	25%	3%	
Email	77%	19%	4%	0.3%

As businesses realize the need to exert greater control over the customer journey, they respond by being more proactive in designing and orchestrating connections. The result is a faster-paced and more competitive environment for customer attention. Businesses are interested in investing in newer digital platforms that can turn a complicated process into an experience that intelligently extracts relevant data, then integrates it with a wide variety of back-end services to enrich that information – ultimately eliminating customer and company friction points. As illustrated in Figure 3, **there is synergistic interest in new technologies and approaches that articulates the importance of connecting content, data and processes to help the business deliver more compelling and personalized experiences to each customer.**
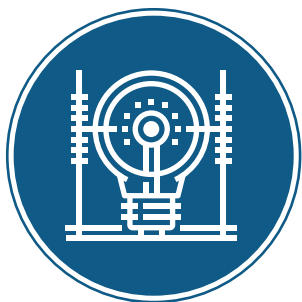
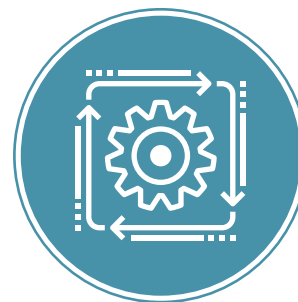**80%** of surveyed organizations are interested in intelligent document, content and process automation to reduce customer friction points

79% are interested in creating a single view of the customer across disparate data sources

77% are interested in using machine learning for predictive insights and to automate contextual recommendations to ensure the next best action for sales, service or marketing

The desire to capture and analyze new forms of data plays a powerful role in improving digital platforms. **Since the universe of what is 'knowable' is expanding, new machine-learning technologies can help us see further and deeper to improve business decision-making.** Users are no longer limited to what they discover themselves. Human exploration with intelligent guidance, which is derived from the use of machine-learning algorithms, can be a powerful combination.

Marketing Measurement: Leveraging Digital to Go From Unknown to Known

Marketers and advertisers have sought to measure the impact of their efforts ever since the days of patent medicines. Today, the constant digital stream of connected TVs and the abundance of smartphones and their incessant use have given marketers a new, precise set of signals to work with, making them less reliant on proxy measures such as panels and surveys.

Precision links between marketing and customer engagement were once limited to direct mail and other specific call-to-action measurements. That's no longer the case as the growing amount of digital data exhaust running through smartphones, connected TVs, ad exchanges, websites, cellular networks, point-of-sale systems and other digital touchpoints opens up a new way for marketers to know their audiences and measure the impact of their messages across different delivery channels.

In our survey, 55% of respondents indicated that they want to ensure marketing effectiveness through improved true measurement of multi-touch attribution. Multi-touch attribution is important for determining the value of each customer touchpoint in terms of leading to conversions, in order to identify the best channels or campaigns for allocating future spending to acquire new customers. Multi-touch attribution is also significant because identifying and targeting new customers based on a company's most profitable existing customers was one of the top three use cases identified by survey respondents.

But it is even more important for marketers to use customer profile data from CRM along with relevant third-party data to help optimize interactions across the customer journey. Businesses need to incorporate the exploding amount of unstructured data from IoT sensors, as well as social data, behavioral data, location data and even third-party data to truly have a 'single source of the truth' on customers.

Amid growing concerns around consumer privacy, though, businesses must evaluate new technologies that can ease compliance with privacy regulations. There is a growing divide between line-of-business and IT professionals on the importance of embracing such tools. Ensuring that a company is compliant means combining all customer data to account for a variety of factors, including where and how data is stored, and ensuring that businesses always have the most up-to-the-moment information. Since achieving compliance can be a very costly undertaking, having a single, real-time customer view can motivate a business to turn this effort into a profit-making activity. As such, **81% of LOB respondents in our survey believe it is important to evaluate new technologies that can ease compliance with privacy regulations, compared with just 69% of IT respondents.**

However, businesses must take privacy seriously, beyond what they are legally required to do. By and large, consumers are unaware of the extent to which they are sharing their personal data with companies they've never heard of through ad exchanges and APIs. Any substantial security breach, or even a cadence of abuses, can place an uncomfortable spotlight on an important capability.
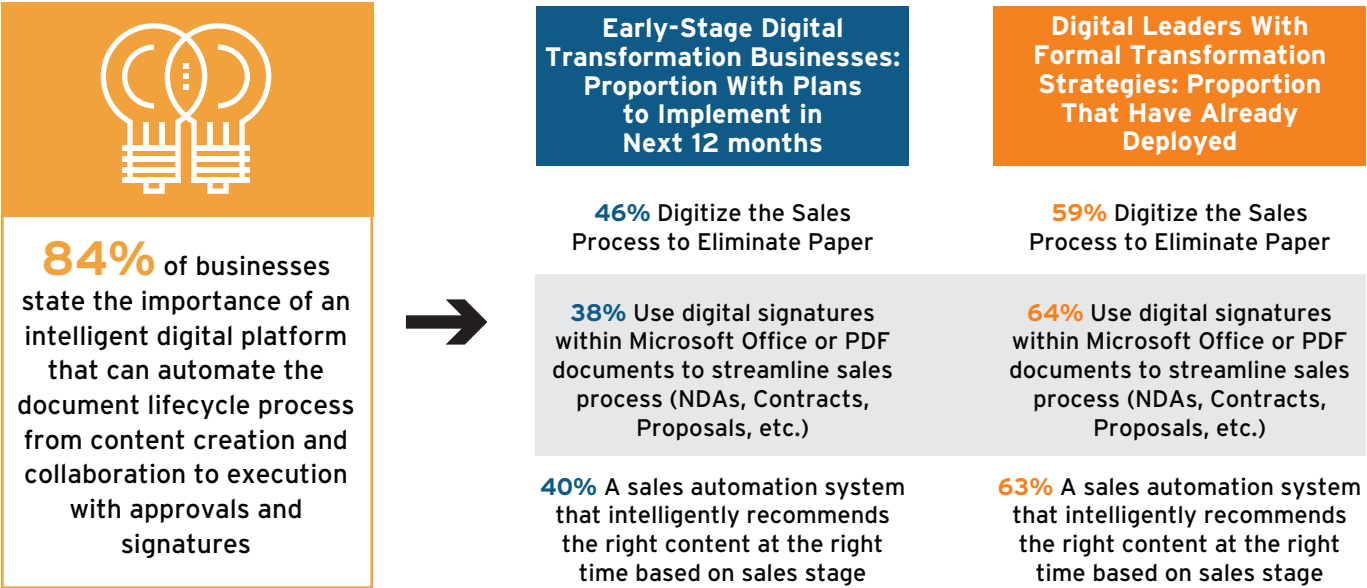
Digitizing the Sales Process

Every day, customers and salespeople still fill out forms manually, restate the obvious on a call or embark on redundant data entry. It is possible to automate the majority of business processes through a combination of data, content and intelligent processes, but it can only happen if businesses digitize the sales process. In our study, **84% of businesses state the high importance of an intelligent digital platform that can automate the document lifecycle process from content creation and collaboration to execution with approvals and signatures.**

Thus, it's important to operationalize workflows, automate process steps and digitize content and data to ensure efficient operations. The content and data layers are critical for overall sales process improvements that provide prescriptive action. They will help by providing the right insight at the right time during the right process.

Figure 4 shows that digital leaders have already invested in various strategies for digitizing the sales process. Over the next year, we will begin to see an inflection point as companies that are in the early stages of digital transformation invest in more sophisticated sales transformation initiatives. However, there has to be a specific business reason, beyond simple survival, for any enterprise to embark on the digital transformation journey.

Figure 4: Maturity for Digitization of Sales
Source: 451 Research

84% of businesses state the importance of an intelligent digital platform that can automate the document lifecycle process from content creation and collaboration to execution with approvals and signatures

Early-Stage Digital Transformation Businesses: Proportion With Plans to Implement in Next 12 months	Digital Leaders With Formal Transformation Strategies: Proportion That Have Already Deployed
46% Digitize the Sales Process to Eliminate Paper	**59%** Digitize the Sales Process to Eliminate Paper
38% Use digital signatures within Microsoft Office or PDF documents to streamline sales process (NDAs, Contracts, Proposals, etc.)	**64%** Use digital signatures within Microsoft Office or PDF documents to streamline sales process (NDAs, Contracts, Proposals, etc.)
40% A sales automation system that intelligently recommends the right content at the right time based on sales stage	**63%** A sales automation system that intelligently recommends the right content at the right time based on sales stage

Businesses need to create a more interactive and personalized customer experience, leveraging data and dynamic content to adapt to the specific context or the individual stages of the buying cycle. The future of B2B sales is being transformed by interacting digitally. Businesses now have the ability to provide 1:1 automated communication, dynamic content personalization or content performance tracking to make intelligent recommendations about which content to use during a particular sales opportunity.

Gone are the days of marketing professionals creating static, one-size-fits-all brochures, presentations, content, proposals or quotes. Every buying experience and influencer is different. Marketing has been responsible for conducting email campaigns, generating content and producing qualified leads through digital channels for years. The digital content needs to be dynamic, enabling reaction to various data points within a specific opportunity in order to ensure that the supporting materials are relevant to the current situation. The goal is to provide very specific content recommendations based on the sales stage, product, process, persona and other factors.

Conclusions & Recommendations

The empowered customer is forcing the evolution of the entire technology stack to enable real-time, contextually relevant experiences. We have witnessed dramatic changes as a result, with the relationship between IT and lines of business evolving to embrace and capitalize on this disruption. It is clear that technology plays a pivotal role in shaping today's business environment. As the pace of change in technology, innovation and competitive pressure accelerates, business leaders that ignore this new reality do so at their own peril. Thus, we offer the following recommendations:

- **Enable a competitive advantage through digital transformation.** When businesses can accomplish or provide even the same things as their rivals, but in a differentiated way that is acknowledged by customers and prospects to be superior – and therefore win new business – competitive advantage is created. In other words, a focus on both 'how' and 'how well' a business delivers customer value serves as a foundation for digital transformation.

- **Use the power of contextual content, intelligent automation and prescriptive insight.** By combining these key capabilities, businesses can create immersive experiences that adapt to users' changing context – anywhere, on any device. Businesses will prioritize investments in more intelligent digital platforms and applications to optimize the customer journey and create more contextually driven interactions that reduce customer friction points.

- **Turn data into meaningful intelligence**. This is now crucial, as contextual experiences require information (e.g., transactions, events, contexts, interactions and behaviors) that is updated constantly and tied to a unique identity for each customer in order to build a complete customer profile. That information and identity then must be transformed into prescriptive insight to identify customer opportunities and determine how to best engage with customers across multiple channels and devices.

Methodology

In Q4 2018, we surveyed 400 IT and line-of-business customer experience decision-makers and influencers across more than 10 verticals. We asked a wide range of questions aimed at measuring how organizations are addressing the need for improved customer experience, and where these efforts fit within broader digital transformation strategies. The study explored the following key themes:

Organizational Culture and Digital Transformation Strategies

Topics included:

- Budgets
- Drivers and inhibitors
- Impact on organizational structure
- Desire and ability to innovate
- Changing customer and employee expectations
- Impact on key organizational processes

Strategic Technology Initiatives and Desired Outcomes

Topics included:

- Existing and future architectures
- The role of cloud
- The convergence of marketing, sales and commerce
- Strategic technology initiatives

Adobe + Microsoft share a vision to enable our customers to embrace and realize digital transformation to compete in an evolving and complicated environment. And a critical element to digital transformation is customer experience. Businesses must invest in new technologies and processes to more effectively engage customers, partners or employees. These are key areas where Adobe and Microsoft are helping brands transform their businesses to meet the demands of consumers today and in the future:

- Aligning and managing data sources to create a unified customer profile
- Delivering and optimizing personalized experiences across all channels or devices and context
- Employing artificial intelligence to manage complex tasks and automate processes
- Simplifying workflows across teams and streamline customer experiences
- Harnessing cloud infrastructure and framework to build secure, scalable and compliant business operations

BLACK & WHITE | CUSTOMER EXPERIENCE AS THE CATALYST FOR DIGITAL TRANSFORMATION

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