



May 2017

EMARKETER ROUNDUP: MEASURING AND OPTIMIZING THE CUSTOMER EXPERIENCE

With today's advancements in data-gathering technologies and customer analytics, marketers are that much closer to meeting—and perhaps even exceeding—their audience's always-on expectations. eMarketer has curated this Roundup of articles, insights and interviews to help you seize the opportunities that can come from measuring and optimizing the customer experience.

presented by



EMARKETER ROUNDUP: MEASURING AND OPTIMIZING THE CUSTOMER EXPERIENCE

Overview

Fortunately for marketers, more and more CFOs have bought in to the importance of investing in analytics. But what areas do they sense are most crucial to back? According to research released in October 2016, more than half of CFOs in the US plan to devote dollars in the next few years to data analysis of customer- or finance-related affairs.

Last August, Deloitte polled 122 CFOs, representing various industries, mainly in the US, about their priorities for and expectations of analytics, among other areas.

More than half of respondents said analytics that help their businesses understand customer profitability (58.2%) or financial optimization and forecasting (51.6%) are likely to receive backing in the next few years. Other types of analytics that track, for example, supply chain and manufacturing rounded out the poll at 29.5% and 26.2%, respectively.

Based on this research, CFOs must be becoming aware of their marketers' battle to understanding the customer journey. In a related study from Millward Brown, also released in August 2016, 55% of US senior marketers said they don't feel optimistic that they're keeping up with the ebbs and flows of today's consumer.

And this is where analytics can perhaps play a crucial role. Fortunately, there appears to be a growing acknowledgement by organizations to ramp up proficiency in data mining in the coming years. Just last year, research from the Economist Intelligence Unit and Cognizant uncovered that 43% of European and American executives claimed demand for analytics and big data skillsets will be important in three years, compared to the 38% who believed it to be key in Q4 2015.

Types of Analytics in Which US* CFOs Will Invest, Aug 2016

% of respondents



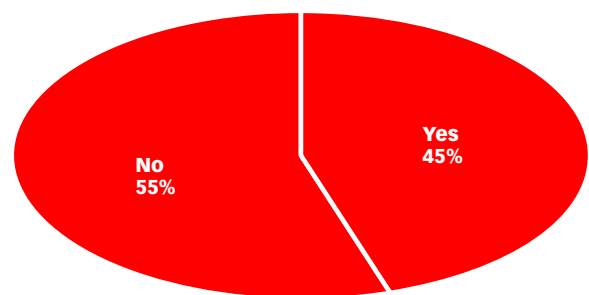
Note: n=122; in the next 3 years; invest substantially; *88.5% of respondents were US-based
Source: Deloitte, "CFO Signals: What North America's Top Finance Executives Are Thinking And Doing," Oct 3, 2016

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US Senior Marketers Who Are Confident in Their Company's Understanding of the Customer Journey, March 2016

% of respondents



Source: Millward Brown Digital, "Getting Digital Right," Aug 1, 2016

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Brands Recognize Realities of the Customer Journey

It's nonlinear and omnichannel

The store experience is a significant focus for retailers, which are looking to leverage digital tools and technologies to make in-store shopping more personalized and relevant.

In December 2016, Digimarc and Planet Retail found that 44.0% of retail executives in Germany, Japan, the UK and the US said improving in-store experiences was a strategic priority for the next year, making it the most common such priority.

When asked by iVend Retail in November 2016 what would improve the in-store shopping experience, internet users in North America pointed to free Wi-Fi and in-store kiosks—tools that would help them gain more information about products—over things like personalized promotions.

But customer-facing technologies aren't the only way for retailers to work on the in-store experience.

Retailers worldwide surveyed in June 2016 by Retail Systems Research (RSR) were looking to educate and empower employees by using technology—as well as finding ways to make them more productive in general.

The in-store experience—and how it connected with digital—was a major focus of the ecommerce redesign product agency Work & Co. did for shoes and accessories retailer The Aldo Group.

"Our consumers go online to prep their shopping before coming into our stores," said Grégoire Baret, Aldo's general manager of omnichannel experience. "So we have an obligation to consider the website and ecommerce as informing and inspiring potential store shopping."

At Aldo, online shopping carts aren't just connected to mobile, but also to in-store tech at the fingertips of employees who are able to assist with a final try-on, he explained.

Many of marketers' goals for the customer experience include deeper connections between channels. For example, the No. 1 digital experience goal among senior

marketers worldwide surveyed by the CMO Council and IBM in H2 2016 was better connecting campaigns into a comprehensive experience. No. 2 was tying the customer journey together across digital and traditional media.

"Many of marketers' goals for the customer experience include deeper connections between channels."

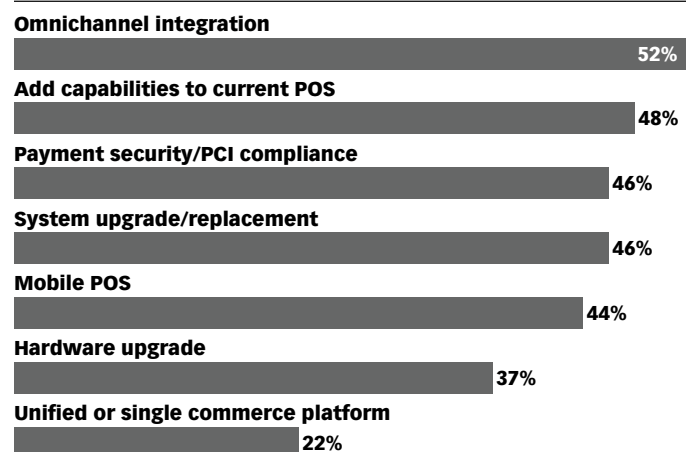
Those kinds of experiences must be powered by data, of course, and 29% of respondents noted they planned to bring on more resources and tech to manage it better and help automate experiences.

On the flip side of the channel divide, omnichannel integration was also the No. 1 priority for retailers in North America at the point of sale, according to a January 2017 report from Boston Retail Partners and Manhattan Associates.

The emphasis on omnichannel isn't surprising: Marketers are people, too, and many of them are digital natives who are used to having omnichannel experiences themselves. "I think they understand and value that as consumers, so they want to bring aspects of those experiences into their customer journey," said Rachel Bogan, product management partner at Work & Co.

Leading Point-of-Sale (POS) Priorities for 2017 Among Retailers in North America

% of respondents



Source: Boston Retail Partners, "2017 POS/Customer Engagement Survey: 18th Annual Survey" sponsored by Manhattan Associates, Jan 12, 2017

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Marketers Are Scrutinizing Their Analytics Processes

Executives don't always trust the numbers, worry about privacy

Customer-focused analytics represent a key area of interest and investment for many organizations. As mentioned previously, Deloitte found that nearly 60% of CFOs polled in the US planned to invest in customer analytics and more than 38% planned to invest in marketing analytics in the next three years. But even as these organizations double down on their analytics investment, many executives are also raising questions about the reliability of the processes used to gather such information. This is in addition to growing concerns about how best to maintain the privacy of their customers while doing so.

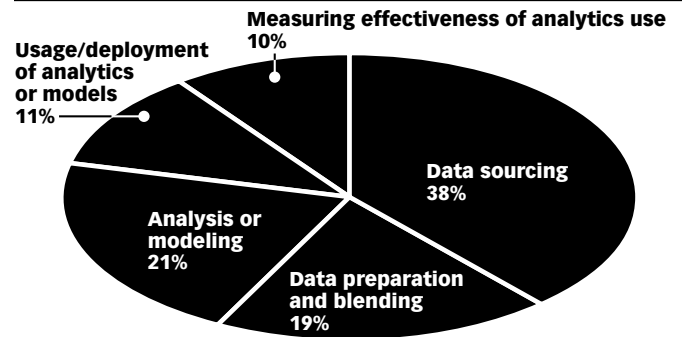
According to an October 2016 report by KPMG, which looked at how marketers could “build more trust” into their analytics and data-gathering processes, one problem with current analytics methods is executives aren't always confident in the results. When asked about the most trusted stage of their analytics-gathering process, 38% said it was the very first step, which was data sourcing. For every stage of the process after that, marketers said they had significant doubts. Only 21% of executives said they trusted their analysis or data modeling, while just 10% said they trusted how they were currently measuring the effectiveness of their analytics efforts.

Beyond simply finding the most accurate way to gather and analyze marketing analytics data, many executives also express concern about their ability to use such data in an ethical way that respects customer privacy. This is emphasized by the wide ranging (and sometimes conflicting) methods marketers are using to safeguard customer data. When asked for KPMG's study about various methods their organizations used to help ensure data analytics privacy and security, only two of 10 approaches listed were used by half or more of marketers.

As marketers are faced with an ever-growing range of data sources, and more insistent calls to act quickly on such information to make business decisions, finding ways to improve these gaps in current analytics efforts will be critical.

Most Trusted Stage of the Analytics Process According to Data Decision-Makers Worldwide, July 2016

% of respondents



Note: n=2,165; numbers may not add up to 100% due to rounding
Source: KPMG, "Building Trust in Analytics: Breaking the Cycle of Mistrust in D&A" conducted by Forrester Consulting, Oct 28, 2016

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Attitudes Toward Data & Analytics Privacy/Security at Their Company According to Data Decision-Makers Worldwide, July 2016

% of respondents

Periodically review actions taken based on data & analytics—manual or automated—to ensure they comply with our ethical standards	52%
Our customers can easily opt out of sharing any data they do not want to share with us	50%
We are fully transparent to our customers about the data we hold and how we use it	49%
The C-level executive team fully understands and supports our ethics strategy for data use	48%
We consider our approach to customer privacy to be a competitive differentiator	47%
Our organization has an ethical use strategy/policy (code of ethics covering all our data & analytics, with clear responsibilities for execution and compliance management)	46%
We track the views of our customers and our industry on the ethical implications of what we do with data & analytics	46%
Before applying customer data to analytics and models, we evaluate how customers will perceive our use of their data (e.g., to avoid perceptions of negative intent or creepiness)	46%
It is our policy to periodically purge inactive customer data	45%
We measure how customers feel about the personalized data and models we use about them	43%

Note: n=2,165; responses of "describes our approach exactly"
Source: KPMG, "Building Trust in Analytics: Breaking the Cycle of Mistrust in D&A" conducted by Forrester Consulting, Oct 28, 2016

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Consumers Skeptical About Value of Sharing Data

Mixed reviews for the effects of the data they've already shared

US consumers offer mixed reviews of retailers' use of their personal data—and they are generally doubtful that sharing additional data would do much to improve their customer experience.

In a recent survey by YouGov commissioned by customer acquisition and engagement platform [24]7, US consumers were asked about their experience with companies who had access to their personal data. The respondents were of roughly equal minds about retailers' use of their personal data, with 42% saying that generally retailers had put it to good use, and 48% saying that they had not.

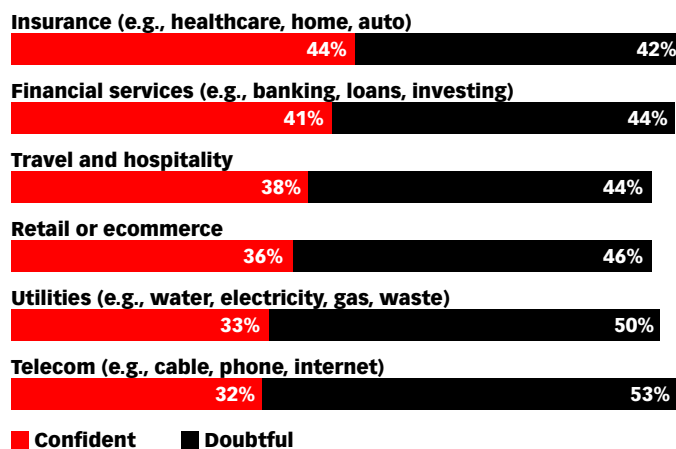
But the respondents were much less likely to expect a better experience from sharing additional data. In this case, 46% were doubtful that additional data would result in a better customer experience, compared with 36% who were generally confident it would improve things.

A Pew Research Center survey conducted in January found only 14% of US consumers felt "very confident" about entrusting companies/retailers with their data. Almost the exact same number said they were not at all confident.

Among the other types of companies and institutions covered in the Pew survey, only the federal government and social media sites scored lower in terms of consumer confidence regarding their data.

US Internet Users Who Are Confident vs. Doubtful that Sharing More Personal Data with Companies Would Improve Their Customer Experience, by Industry, March 2017

% of respondents



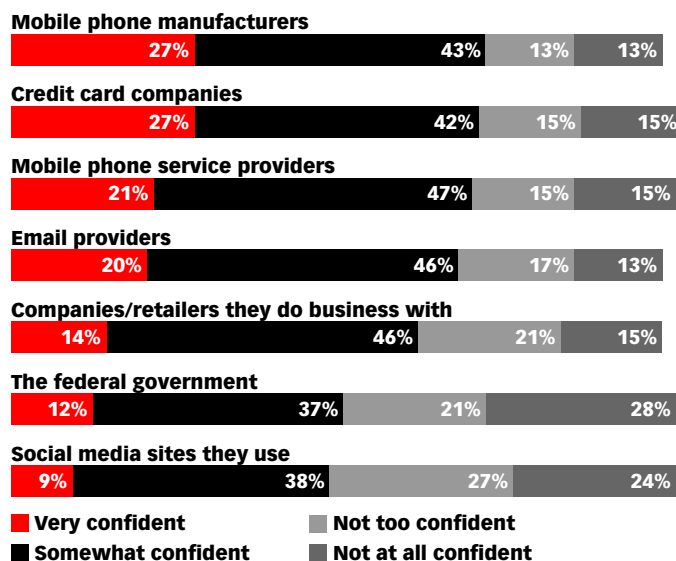
Note: n=1,145 ages 18+; excludes "don't know" responses
Source: [24]7, "[24]7 Consumer Survey: Personalization and Customer Experience" conducted by YouGov, April 17, 2017

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Level of Confidence that US Consumers Have in Companies/Institutions Regarding Their Data, by Type, May 2016

% of respondents



Note: data on mobile phone manufacturers and service providers based on mobile phone owners; data on email providers based on internet users; data on social media sites based on social media users; refusals and "does not apply" responses excluded
Source: Pew Research Center, "Americans and Cybersecurity," Jan 26, 2017

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How Well Do Web Content Management Systems Support the Customer Experience?

Personalization is important

Many IT decision-makers, partners and suppliers have implemented web content management systems for their customers, and according to August 2016 research, there are various challenges that come with managing the customer experience via these systems, like the inability to personalize the purchasing experience.

Indeed, lack of personalization within these systems is a challenge for many. More than a quarter of IT partners and suppliers worldwide who were surveyed by Vanson Bourne for Sitecore, a provider of customer experience management software, said that the built-in ecommerce features of web content management systems are too basic and don't support personalization.

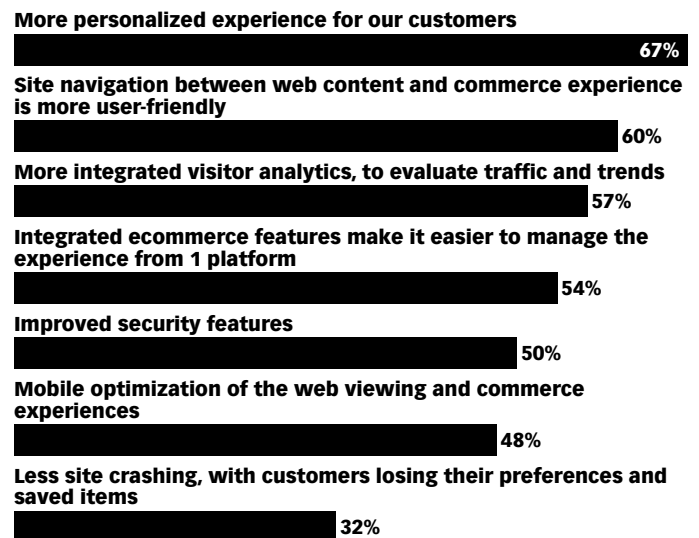
Moreover, 36% of respondents said there was a lack of insight into the purchasing experience, and almost as many said there was a disconnect in data from web content management and commerce systems.

But though personalization was one of the hurdles IT partners and suppliers faced when it came to managing the customer experience, it was also a benefit. In fact, more than two-thirds of marketing and IT decision-makers said that one of the advantages of using web content management systems was getting a more personalized experience for their customers.

And though a large share of respondents cited personalization, it wasn't the only benefit mentioned. Nearly as many marketing and IT decision-makers said that a more user-friendly site navigation between web content and commerce experience was a benefit of using a web content management system to manage the customer experience.

And more than half of respondents said more integrated visitor analytics, which are used to evaluate traffic and trends, was.

Benefits of Using a Web Content Management System to Manage the Customer Experience According to Marketing/IT Decision-Makers Worldwide, Aug 2016 % of respondents



Note: n=565 who use web content management systems; 0% of respondents answered that there are no benefits to using a web content management system
Source: Sitecore, "Online Commerce: Plotting a Course to Personalization" conducted by Vanson Bourne, Oct 11, 2016

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How Citi Global Cards Leverages User Research to Improve Digital Experiences



Alice Milligan

Chief Customer and Digital Experience Officer, Citi Global Cards

Citi

At Citi Global Cards, chief customer and digital experience officer Alice Milligan is responsible for meeting customers' always-on expectations. She spoke with eMarketer's Nicole Perrin about what those customers want, and what Citi is doing to provide it.

eMarketer: What do customers expect from their experience with Citi?

Alice Milligan: Through extensive research and co-creation efforts with customers, we have developed a core set of customer experience principles that we consistently apply at every step of our design and development process. We've learned that customers have four key expectations: They want us to know them, value them, make it easy for them and protect them. These principles clearly manifest themselves when we speak to customers about their expectations for mobile servicing in particular, which is our fastest-growing channel.

eMarketer: Have experiences with digital native firms raised customer expectations for companies in other sectors, like Citi?

"There is no doubt that digital native companies like Amazon and Netflix have set a new standard for speed, simplicity and instant fulfillment."

Milligan: There is no doubt that digital native companies like Amazon and Netflix have set a new standard for speed, simplicity and instant fulfillment. This means customers now expect to seamlessly interact and self-serve with brands without the need to visit branches or stores, make a phone call, etc.

And banking—like virtually every business model on the planet—is being disrupted by these types of service providers. Being forward-compatible isn't optional, it's necessary. As a result, Citi has prioritized transforming the customer experience, to enable us to serve and connect with customers when they want and how they want.

eMarketer: What kind of action are you taking to improve the customer experience at Citi? Is there a strategy?

Milligan: Three years ago, we began by working to identify and understand the holistic customer journey, identifying key moments of truth as well as understanding needs, desires and pain points at each step. To do it, we undertook significant research with thousands of customers across the world. Through this mapping exercise, my team was able to take a comprehensive approach to simplifying and improving the customer experience across digital and mobile channels.

eMarketer: What results have you seen?

Milligan: Fast-forward to 2016, and through leveraging this research—as well as firsthand conversations and co-creation with customers—and implementing a largely agile model, we delivered 85% more digital features in North America [than we did in] 2015. And we have launched a number of competitively unique features, including the ability to dispute a charge in-app. Also, app logins are surpassing browser logins for the first time, and our mobile app has maintained a 4.5-star or above rating in the App Store for over a year.

"App logins are surpassing browser logins for the first time, and our mobile app has maintained a 4.5-star or above rating in the App Store for over a year."

As we have heightened our digital offerings, we have seen engagement with global mobile app downloads increasing by over 66% in 2016 vs. 2015. And as customers find it increasingly convenient and easy to bank with us, net promoter scores—especially for mobile—have risen in tandem.

eMarketer: What kinds of data sources are you using to improve the customer experience?

Milligan: From a quantitative standpoint, we are continuously bolstering our analytic capabilities, and using tools that enable us to build a holistic view of our customers and monitor their interactions with us. We're taking a data-driven approach to identify what really matters to our customers and inform the actions we take to improve their experience with us.

Also, from a qualitative standpoint, we are constantly engaged in a dialogue with consumers and speak to them early and often in our development lifecycle. For example, last year we engaged over 23,500 individuals to help identify pain points in key customer journeys and infuse additional peace of mind and ease into the brand experience. This ongoing conversation with consumers has unquestionably become part of our DNA.

Alcohol Delivery Service Drizly Keeps Tabs on Customer Experiences



Joe Ayotte

Head of UX

Drizly

Drizly provides a service many people don't even realize is legal: alcohol delivery. eMarketer's Nicole Perrin spoke with Joe Ayotte, head of UX at Drizly, about the unique challenges around customer experience in the space and how the company is trying to understand the needs of its audience better.

eMarketer: How focused is Drizly on improving the customer experience?

Joe Ayotte: It's really top of mind for everyone at Drizly. Drizly has always viewed it as very important, but from a startup standpoint it's not always the easiest thing to focus on. But now we're really looking at usability.

"We have users in every week. We talk about their own purchases of alcohol offline, and what are their experiences with Drizly online."

eMarketer: What are you doing to find out what customers want from Drizly?

Ayotte: We take a multipronged approach. We have users in every week. We talk about their own purchases of alcohol offline, and what are their experiences with Drizly online. We're doing marketing surveys as well as specific usability sessions where folks are clicking through the site and talking about their thoughts and friction points.

eMarketer: What have you learned about customer expectations?

Ayotte: We look at several themes, and those themes vary depending on where a user is and what they are trying to do at that moment. A user doesn't have the same mindset with every single visit.

It's about convenience. And convenience can mean how much time is this experience saving me? That could mean you want products fast, or you want to save time by shopping online. Convenience can also mean it should be easy. It can also be about price, and giving insight into who has the best prices and who has the best inventory. It can also be about getting some sort of recognition—that you are able to discover something new and you feel good about that, that you're bringing the right wine or the right craft beer to your date or to a party.

“Customers who call our customer service team, even though it stinks that they have to call because there was an issue, have a much higher frequency of repeat orders.”

eMarketer: Drizly doesn't sell alcohol, but partners with retailers that do. How does that business model affect the customer experience?

Ayotte: I think the Drizly brand and your experience with the Drizly brand is really dictated not just by what's online, but what's happening offline with that store. If the experience with the store and your delivery was a good or bad experience, that was your Drizly experience.

Different stores deliver well under an hour and the drivers are fantastic and polite, or remember who you are and if you have a dog or want a delivery at the side door vs. the front door. They're very communicative. That is a fantastic store experience and one that's more likely to lead to a second order.

eMarketer: How are you managing the customer feedback loop?

Ayotte: We have a strong customer service team that handles calls about specific orders, and we are measuring which stores are more effective for delivery time and how customers are rating those specific deliveries. Customers who call our customer service team, even though it stinks that they have to call because there was an issue, have a much higher frequency of repeat orders.

And we're going to be exposing that type of data on which stores have better customer ratings to inform customers to make a purchase in the future. We'll take more of an agnostic view of those customer insights in presenting them to the end consumer as well. For example, even though there may be a slightly cheaper price at Store A, Store B has faster delivery times and customers have rated it higher, and that might be a better option for you.

Aldo on Omnichannel Redesign: 'Sweat the Details'



Grégoire Baret

General Manager, Omnichannel Experience

The Aldo Group

The Aldo Group recently undertook a significant ecommerce experience redesign in conjunction with product agency Work & Co. Aldo's Montreal-based general manager of omnichannel experience, Grégoire Baret, spoke with eMarketer's Nicole Perrin about what Aldo's customers want and how the new omnichannel experience was designed with them in mind.

eMarketer: Why did Aldo decide to redesign the omnichannel ecommerce experience?

Grégoire Baret: There were two reasons for it. First, we wanted to make sure the consumer experience better fit actual consumer needs—and mobile was a key issue. A large share of our ecommerce users are on mobile, so by definition our experience had to be mobile and that was not the case before.

We also wanted to make the experience more human and add an emotional touch here and there. We wanted to synchronize the ecommerce experience with the brand evolution and our brand positioning.

“We researched consumer reaction to the actual structure of the website, making sure the way we were naming the categories made sense to shoppers.”

So one of the key things we did with Work & Co. was to redefine the visual look and make sure that everywhere digital we’re going to follow unified, consistent visual language. Part of the design is about being more universal and complying with the demand for accessibility. Some of it was also for technical reasons.

eMarketer: What are you doing to find out what customers want from Aldo?

Baret: We are really into customer research. We do digital surveys and market research to connect with our consumer and extend our understanding of their expectations and why they’re attracted to Aldo.

When we build any kind of different product we include consumers as part of the process. With this project, we did usability testing and invited consumers to give a very early visual reaction. We researched consumer reaction to the actual structure of the website, making sure the way we were naming the categories made sense to shoppers.

I think the consumer is our source of objectivity. Research has to be part of the development process; the consumer has to be part of the development process.

eMarketer: Did anything surprise you in the consumer research for this project?

Baret: No, I wouldn’t say we were surprised. I would say that you have to be open to the fact that sometimes the first beautiful design direction is not necessarily what works. You have to be ready for that. The first design we explored with Work & Co. was not the end design we came up with. To give an example, the first approach was maybe more about connecting with a campaign. It was a bit more abstract and it was really beautiful. But for consumers, it was making things a bit more complex and was not that clear to them.

eMarketer: What did you learn about consumers?

Baret: Most consumers, especially on ecommerce, don’t want to be bothered with a lot of talk about marketing campaigns. They have to feel this is a natural flow. You want to connect them with some content, yet be natural. So one of the big decisions we made about the website is to avoid pushing commercial messages. Instead, our approach is to inject content into the flow of the experience so there’s a natural connection. We don’t want to force you to go through specific content.

“We know that digital as a whole is used a lot to prep store shopping. ... We know that 70% of our customers go online to prep their shopping before coming into our stores.”

eMarketer: What does a natural ecommerce journey look like for Aldo shoppers?

Baret: We know that digital as a whole is used a lot to prep store shopping. Just to give you a crazy figure, we know that 70% of our customers go online to prep their shopping before coming into our stores.

So we have an obligation to consider the website and ecommerce as informing and inspiring potential store shopping or connections with content at the point of sale. We made tools to facilitate the discovery of product at stores where it’s available. So you can find a product [online] and know it is in the store, and connect with the store where the product is.

We’re here to connect people with the right product and inspiration either to buy [online] or to go later and shop in the store and make sure that they haven’t lost their [shopping cart] selection.

eMarketer: What are some other important issues to keep in mind with respect to creating great ecommerce experiences?

Baret: One thing is how important it is to sweat the details. Caring about details, design and the rest of the UI [user interface], and the feedback you get—all of the details are important as the rest, because the details are what make you feel comfortable and feel that it was an exciting experience, that this was made for you with a sense of care.

A guide for the customer journey

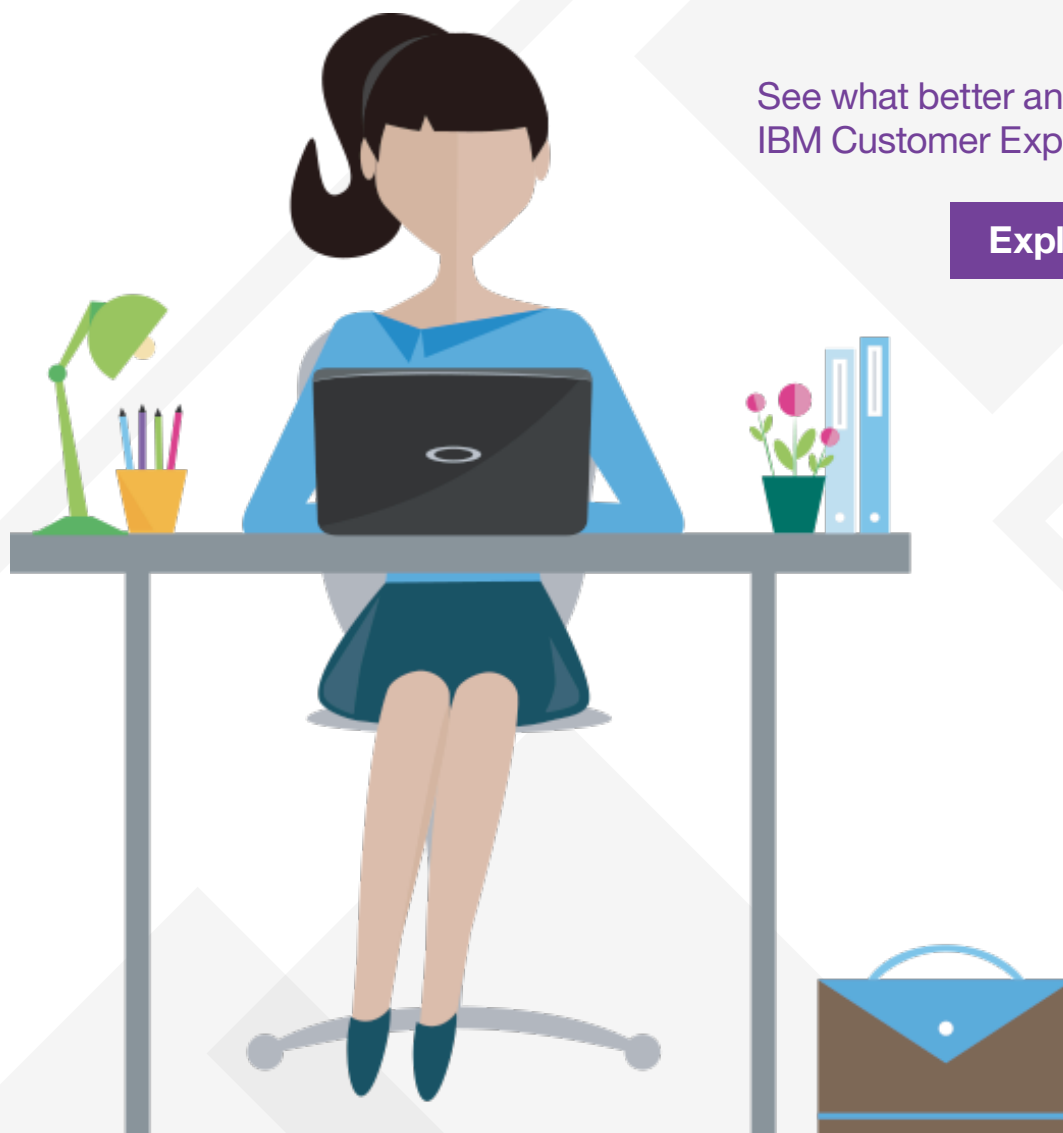
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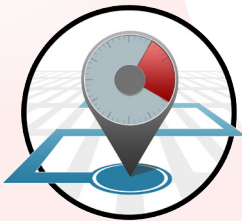


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