



Informatica®



A Marketer's Guide to Customer Experience

Using modern data to bring your customer into focus

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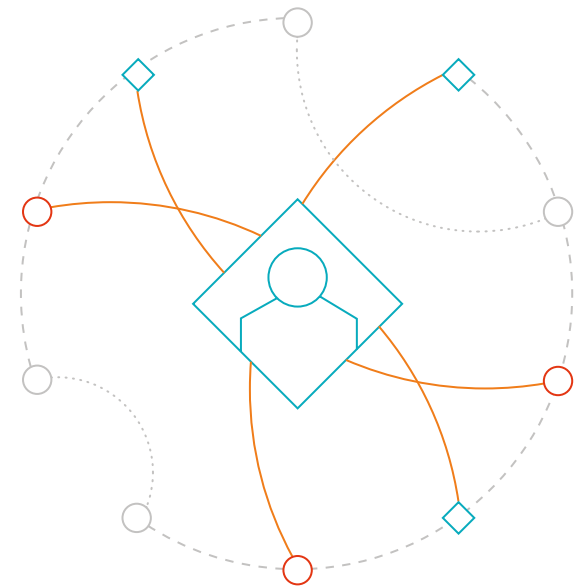


Why Customer Experience? Why Now?

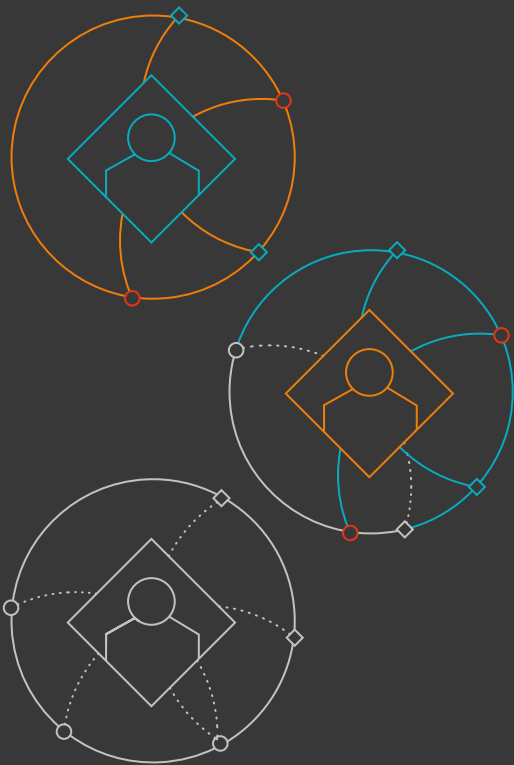
Customer experience (CX) has become the heart of digital transformation and digital transformation is the heart of CX. Every customer—consumers (B2C) and business buyers (B2B) alike—wants seamless, consistent, and personalized experiences from the brands they do business with.

Encouraged by the conveniences introduced by digital disruptors and digital native companies, we've all grown to expect personalized, real-time engagement across all touchpoints and with every interaction. This expectation forces brands to compete and differentiate based on the experiences they deliver.

However, when attempts to personalize experiences are instead disconnected and inconsistent due to siloed approaches, this causes greater frustration across the customer lifecycle. Although there is no silver bullet and no single application that addresses every CX requirement, there is an achievable way to foundationally unite the experience for your customers: having one single customer data solution that underpins all systems and inspires your CX strategy.



A Generational Shift in Customer Expectations



Every generational cohort—Boomer, Gen X, Millennials/Gen Y, Gen Z—is a little different, and each generation has developed their own opinions about customer experience, marketing, sales, and service.

For example, Millennials and Gen Z'ers, with their massive buying power (and significant digital savvy), lead the brigade on high expectations. And since these generations don't appreciate "promotion pollution," they will turn away from brands that don't personalize, that don't make it easy, or that don't add value to their life and lifestyles.

And whose responsibility is it to meet this vast array of customer expectations? Every member of the marketing team.

According to Pew Research, Millennials are now the largest generation in the labor force, and now count for one in three participants in the American marketplace (Pew Research Center). And roughly half of these people under 35 would rather engage with a computer rather than with a human whenever they interact with a brand. Older groups, on the other hand (both Boomers and Gen X), prefer to talk to real people and expect that these types of interactions will provide a better experience (Forbes).

Nine in 10 people ages 18 to 34 have said they will take an action—whether it's telling friends, not making any more purchases from the company, or posting reviews on a review site or social media—as a consequence of having had a bad customer experience online (Adobe).



The CX Challenges That Marketers Face



The CX Challenges That Marketers Face

There's no doubt that digital disruptors and digital natives are raising the bar for customer expectations. Brands today have to find that balance between "spray and pray" tactics and creating communications that are relevant and personalized for their customers.

Connected devices, social media, and instant access to information makes it simultaneously easier and more complex for customers to find what they need to know when they need to know it. To be able to respond with an appropriate and useful touch or pertinent offer at the most opportune time in a customer interaction represents the forefront of marketing success today.

Brands that are able to filter through the "promotion pollution" can deliver timely and contextually relevant messages and experiences, encouraging consumers to select them first. Does this approach work? Take a look at the success of companies such as Amazon, Netflix, and Uber. These brands are a breath of fresh

air, and they have forged their own unique CX journeys as they continue to shape the experience economy.

This is the new frontier for marketing, sales, and service across every industry, and this new frontier comes with its own set of challenges that will be key for successful marketers to address. Overcoming these challenges requires using modern data and technology capabilities to bring your customer into focus and reveal richer, more actionable insights. With this deeper understanding, empowered marketers can make the move from clever messaging for a broad audience to a more sophisticated, scalable, and effective marketing mechanism that reaches specifically targeted individual customers.

CX Challenges

- Rising customer expectations
- Moving from promotion of price and product to experiences
- Dealing with the explosion of data
- Growing reliance on technology, machine learning, and AI

CX Challenges

Rising customer expectations

Just as digital disruptors continue to raise the bar on customer expectations, brands across every industry are learning to reset their strategies and harness new insights so they can thrive and effectively compete on CX. Companies like Hyatt Hotels & Resorts, Liberty Mutual, Allianz Benelux, Union Bank of the Philippines, Lufthansa, Kroger, and many more have put their data to work as a competitive differentiator and now deliver tailored experiences at scale.

You can see it's not just the digital natives that are adopting personalized customer experiences in a data-driven digital world. Many brands have recognized the importance of competing on customer experience.

Moving from promotion of price and product to experiences

Customers are increasingly focused on experience as a deciding factor when making a purchase. 86% of customers will spend more to have a better experience ([Walker](#)).

32% will walk away from a beloved brand after just one bad experience ([PWC](#)). And 75% are more likely to buy from service providers who recognize them by name ([B2C](#)).

Dealing with the explosion of data

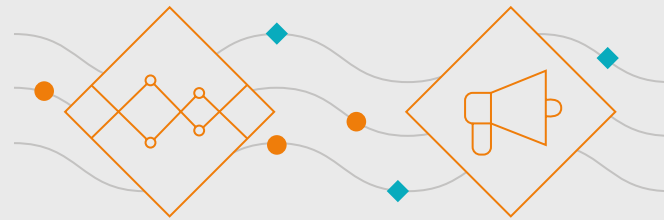
The universe of knowledge and what we "know" about customers is expanding rapidly, but very few marketers are able to make sense of the data—or they find it immensely challenging to extract useful insights from it. Data is the critical factor in truly understanding customer interactions over time and across channels—but that data is often disconnected, incomplete, or inaccurate. The answer is simple: brands that prioritize their data and make insights actionable are able to create more personalized experiences and have more meaningful engagement with their customers.

Growing reliance on technology, machine learning (ML), and AI

In 2016, digital marketers could choose from a dizzying 3,500 vendors of marketing technologies; three years later in 2019, that number has doubled to 7,000. Along with the proliferation of apps, ML and AI help make sense of all the data to do new things and develop new experiences. These technologies are heavily reliant on the quality of the data within them. Consider this: according to one Adobe survey, more than half of respondents cited an inability to use the data they have about their customers when using AI to personalize interactions ([Adobe](#)).

The struggle is real for many brands to deliver individualized experiences at scale. The most common reason for this is that companies not only lack the context of the last interaction with that customer, but also lack the visibility of that customer's interactions over time.





Every great marketing strategy needs
a great data strategy.

Introducing the Customer Experience Hierarchy

The Customer Experience Hierarchy is one way that marketers have adapted Maslow's hierarchy to illustrate the spectrum of customers' needs as they engage with a brand while traversing the customer lifecycle.

From identifying potential prospects, to acquisition, growth, and retention, the goal is to move the customer from a broad base of indifference to increased engagement.

Marketers that focus only on one level of the hierarchy—interactions, for example—miss the opportunity to create the kind of loyalty that ensures a customer is truly engaged with the brand. According to research, engaged consumers buy 90% more frequently, spend 60% more per transaction, and are five times more likely to indicate it is the only brand they would purchase in the future. On average, they also deliver 23% more revenue and profitability ([Access Development](#)).

In companies with too much of a focus on customer satisfaction (as well as metrics such as

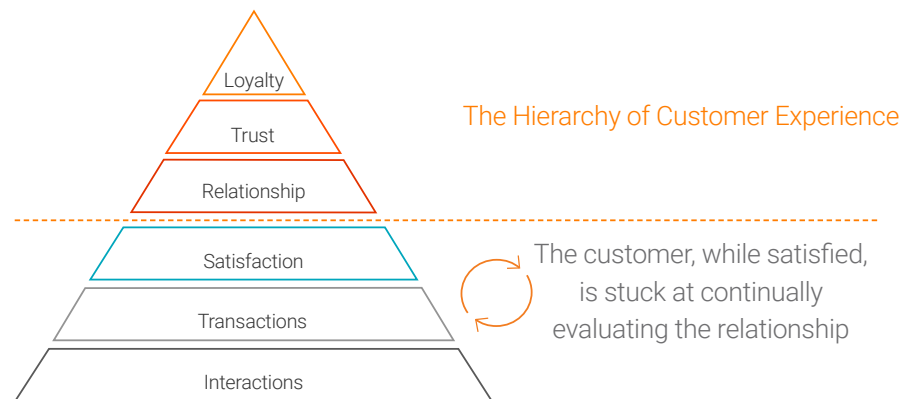
Net Promoter Score and customer satisfaction surveys), the customer experience tends to be only as good as the last interaction. And when the gauge of a company's CX performance focused only on the last interaction, the customer gets stuck in a perpetual state of evaluating how well a company is meeting their needs.

What's missing is the emotional connection of loyalty that's created by building relationships supported by trust. To get over the "satisfaction hump," companies must learn to differentiate themselves through the experiences they deliver.

Customers demonstrate loyalty and become truly engaged when:

- experiences are differentiated
- customers can trust and rely on companies to not disappoint
- employees are empowered to do what's right, both at an individual and at a collective level

But you can't take that loyalty for granted: 50% of U.S. consumers have left a brand they had been loyal to for a competitor that better met their needs ([SmallBizGenius](#)).





The CX Equation

The CX Equation

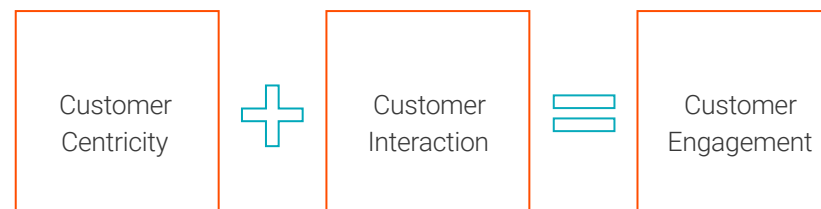
To begin the customer experience journey, companies often start with either a focus on customer centricity or customer interaction. When optimized for customer engagement, these two approaches are different sides of the same coin.

Customer centricity

What does it mean for a company to become customer-centric? Customer centricity often begins as a strategic initiative, and is frequently sponsored by the C-suite to organize business processes around the customer journey, instead of employing another organizational construct around a product (product-centric), a line of business (account-centric), or a geography (region-focused). Being able to look at the same customer—let alone any customer—across functions, product groups, regions, and channels is clearly a cultural shift.

Putting the customer at the center of the business allows sales and marketing to be more connected. Marketing delivers leads that

are better and more qualified, and sales can create more relevant up-sell and cross-sell offers. Perhaps the best benefit with a customer-centric approach is that employees are more empowered to make the right choices because they can better understand customers' needs and how each individual wants to interact with the company. With this approach, technology is used to streamline and connect data and processes to deliver the right information at the right time to the right person. For example: AI quickly narrows the options so that sales or marketing can provide clearer guidance on what's needed by the customer at each stage in their lifecycle.



Customer Experience Equation

Customer interaction

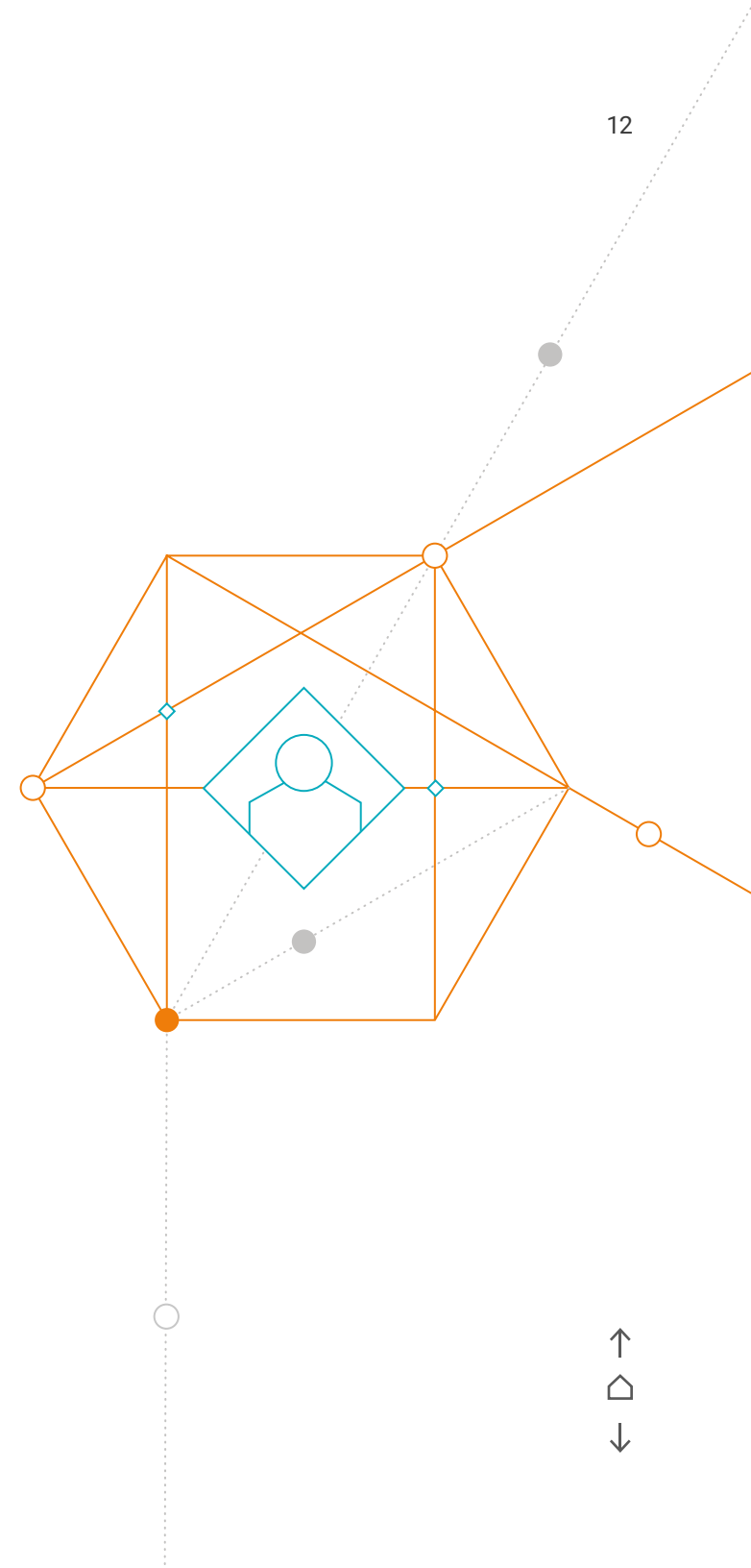
The other side of the customer experience coin is customer interaction. Customer experience can be summarized as the accumulation of all interactions over time: all transactions, channel experiences, marketing messages, sales conversations, service calls, preferences, and so on. The importance of gaining visibility into interactions across the lifecycle—and the need for each interaction to be convenient and consistent—cannot be overstated.

Although technology enables more precise insights for each and every customer interaction, technology also heightens the need for a high degree of trust, relevance, and context in any data that's used to fuel your decisions. When done correctly, customer behavior patterns and relationships exposed by the data can highlight the next best action for companies to take—especially when that action is to do nothing, as in the instance of holding back a marketing promotion because of an ongoing a billing dispute.

Customer centrality + customer interaction = customer engagement

The payoff for this customer experience equation? Loyal customers who are more engaged with the brand—meaning that you staying top-of-mind with customers who consider your brand first (and always). Engaged customers spend more time and money with their favorite business. Research shows that when businesses offer something valuable to their customers, those customers are willing to give back.

By now you're recognizing that customer experience is the sum of a brand's customer-centric focus and an ability to be more intelligent with customer interactions. Another piece of advice as you consider your own customer experience strategy: don't overlook the data. In today's competitive, internet-driven, always-on, outcome-based economy, great data is an essential element, and can be the foundation that helps keep customers focused on you and your brand.





CX Across the Customer Lifecycle



CX Across the Customer Lifecycle

Digital disruption changes everything, including your customers' experiences with your company.

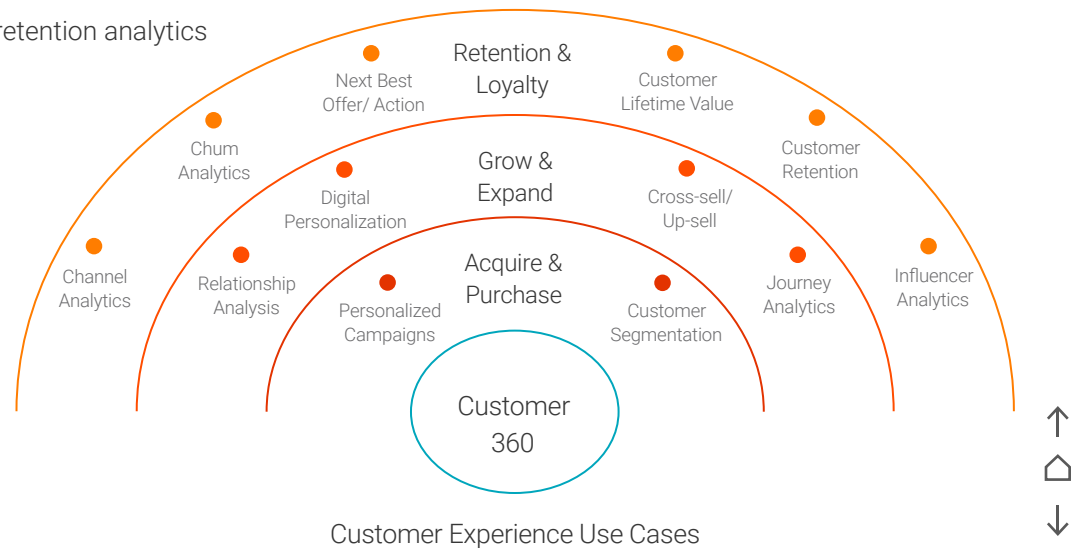
As customer-minded companies gain ground, it's more important than ever for companies of all sizes to understand the Customer (with a capital "C"):

- Who they are
- What they like
- How they buy
- Where they interact and transact
- Their relationships
- Their preferences
- Their purchases

This information about your customers can be readily available—if you know where to look and how to manage it. But if your customer data is stuck somewhere in your agency, buried in isolated applications, hidden in spreadsheets, or lost in other silos that are line-of-business-, department- or region-specific, you may never be able to use it to inform customer experience delivery and outcomes.

You want to be able to follow your customers on their end-to-end customer journey. With intelligent data, you can understand every step of the customer lifecycle and make improvements possible in your:

- Granular and complete customer profiles
- Micro-segments
- Acquisition and conversion metrics
- Predictions for next best offer, action, or experience
- Churn and retention analytics



Customer Experience Use Cases

Getting recognized - acquire & purchase

Customer experience begins before a prospect has even been identified. The broad segmentation rules that were based on geographic location, industry, or company size have now been replaced with highly targeted groups. In the digital world, for an experience to start off right, you need visibility into trends, behaviors and relationships—especially online—along with the ability to look at likes, dislikes, trends, influencers, and such.

Harvard Business Review found that organizations that personalize reduce customer acquisition costs by as much as 50%, increase revenue by up to 15%, and improve marketing spend efficiency from between 10% and 30% (Adobe).

Staying relevant - grow & expand

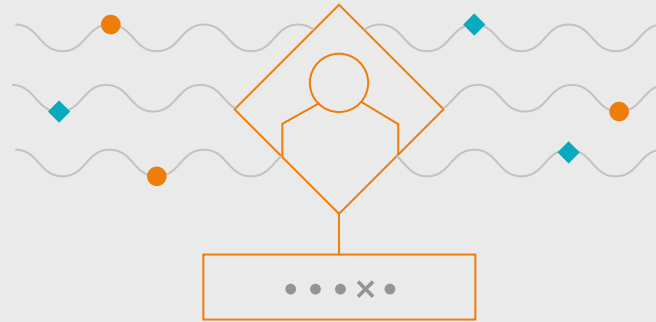
Continuing to focus on customer experience even after a customer is engaged and onboard has its rewards, too. Experience-driven businesses realize an average annual revenue growth rate of 15% vs. 11% for other companies. You can also ensure that they continue to grow and expand their business with you by looking at your current customer base. With consistent and complete data across applications and analytics, you gain deeper insights into the context, behaviors, trends, and patterns.

87% of customers who say they had a great experience will make another purchase from the company, compared to 18% of customers who had a very poor experience (Forbes).

Becoming a partner - retention & loyalty

Every experience should count: that's the mindset needed to maintain loyalty and retain customers. But be careful: There's a 24% gap in what customers actually think compared to how well businesses actually understand consumers. Loyalty is based on building deep relationships, fostering community, and soliciting feedback. Delivering the personalized experiences customers anticipate requires data and analytics to recognize who's at risk and who's right for growth. Make smart decisions about the data you collect and the technologies you choose to gather, store, and analyze—it's crucial to helping you generate revenue for your business.

A loyalty increase of 7% can boost lifetime profits per customer by as much as 85%, and a loyalty increase of 3% can correlate to a 10% cost reduction (Brand Keys).



You can make a lot of conclusive judgments as a data scientist. You can tell anything about a customer. But if you can't spell the customer's name right, you'll never be able to win that customer.



Customer Data & Analytics



Customer Data & Analytics

Ultimately, marketers' leadership in shaping digital transformation and customer experience means that everything that you do either generates or is driven by data.

- Every marketing transformation is made possible with data
- Every customer interaction in every channel generates data
- Every domain in your business creates and consumes data

Data changes almost every process in marketing. But all these opportunities can be organized into two key benefits:

1. Data generates customer and market knowledge.

When you have a better knowledge and understanding of the customer and the market, it can help you to anticipate sudden shifts or gradual changes. Knowledge, or aggregated insight, guides strategy and informs decisions for targeted segmentation, predicting outcomes, and finding your best prospects. Individual insight drives interactions for personalizing the customer experience across all channels and recommending the right messages and offers at the right time and place.

2. Data optimizes marketing processes and activities.

It helps you find out what works—and what doesn't—so you can optimize spend, improve performance, increase conversions, expand successful campaigns, and fail fast for campaigns that miss the mark. Working with data that you can trust ensures that testing, tracking, and modeling constantly improves campaign performance—giving you the power to do more of what works and less of what doesn't.

Unleash the Power of Your Data

A modern customer data solution helps marketers to:

- ✓ Know exactly who your customers and prospects are across all silos
- ✓ Automatically uncover otherwise hidden insights in all forms of data linked together by AI and ML
- ✓ Build micro-segments and hyper-personalized campaigns that delight prospects and customers

Some marketers think of their data as an ever-growing problem with no solution (or maybe they believe it's someone else's problem). But every marketing strategy needs a data strategy.

Your company, and only your company, has the ability to gain unique insights from all of your data. Actively managing your data as a strategic asset will help you attract more and better prospects even as you build great relationships with your current customers. You're better able to meet customers' needs across the layers of the CX hierarchy to move beyond the satisfaction hump by building relationships, trust, and loyalty. Your customer-centric efforts improve your customer interactions for increased engagement. And you gain new, richer and more actionable insights across the customer lifecycle.

Competing on customer experience is the new battleground. Data-fueled technologies such as AI and ML are here to propel marketing into a more valuable corporate function that balances art and science. And marketers can finally leverage deep insights from all customer data to compete and win.

Without a doubt, this is an exciting time to be in marketing. A convergence of change—in Internet and digital marketing, in social media and mobile, and in marketing automation and analytics—has effectively disrupted the entire discipline.

Further Reading

A CDO's Guide to Customer Intelligence

[READ MORE](#)

Data Strategy Playbook

[READ MORE](#)

Transform Customer Experience

[READ MORE](#)

About Informatica

Digital transformation changes expectations: better service, faster delivery, with less cost. Businesses must transform to stay relevant and data holds the answers. As the world's leader in Enterprise Cloud Data Management, we're prepared to help you intelligently lead—in any sector, category or niche. Informatica provides you with the foresight to become more agile, realize new growth opportunities or create new inventions.

With 100 percent focus on everything data, we offer the versatility needed to succeed. We invite you to explore all that Informatica has to offer—and unleash the power of data to drive your next intelligent disruption.

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