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Evolve Your Customer Analytics From Tactical To Transformational

And Inform Every Customer Decision Along The Way

Table Of Contents

3	<u>Executive Summary</u>
4	<u>Key Findings</u>
5	<u>Identify And Unleash The Power Of Customer Analytics</u>
7	<u>Why Customer Analytics Must Take Center Stage</u>
12	<u>The Roadmap To Achieving Customer Analytics Goals And Business ROI</u>
18	<u>Key Recommendations</u>
20	<u>Appendix</u>

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Executive Summary

Every business is a living, breathing organism nourished and energized by data. As businesses develop, their data palates become more sophisticated, requiring more analytics to sustain growth. Customer analytics (CA) become a critical ingredient to feed and strengthen the organization so it can reach its full potential. And, while every business is unique, there is a natural path to CA maturity that enables organizations to flourish and improve so they can achieve their business goals.

Kantar commissioned Forrester Consulting to evaluate the impact CA has on organizations and the outcomes it empowers. Forrester conducted an online survey with over 1,000 marketing, analytics, and IT decision-makers at enterprises in the US, Canada, and the UK to explore this topic. In our study, we identified and segmented organizations based on their CA maturity. We scored respondents on 22 statements across six categories: strategy, structure, data, analytics, process, and technology. Organizations were then grouped on their self-reported score into three categories: low CA maturity, mid CA maturity, and high CA maturity.

We found that CA efforts are most effective when companies have the right data foundations, analytics capabilities, and insights strategy all seamlessly connected. To implement strong analytical capabilities, organizations must assess their readiness to achieve CA goals and have clear strategies (including business case) for applying and measuring analytical insights. Doing so, organizations will see far better results that will drive long-term business benefits, such as efficiency, revenue growth, better customer satisfaction, and — most importantly — the ability to quickly inform customer decisions to outpace the competition.



Key Findings

Customer analytics can inform key strategic decisions as well as tactical ones. Customer analytics is more than a marketing tool. It is a core component of being a customer-obsessed, insights-driven business. Organizations should aspire to embed customer analytics into their decision-making to quickly inform strategic business initiatives. To do so, they must understand their maturity to establish the appropriate road map moving forward.

Value increases exponentially with maturity. Customer analytics practices can produce ROI and benefits for the organization at any maturity level. Beginners can use CA to gain quick wins in marketing (e.g., improving targeting, reach, and effectiveness), while more advanced organizations can leverage CA for more transformative business goals, such as creating a stronger competitive advantage in the marketplace.

The road to customer analytics success has many turns. A road map can lead organizations to their destination. Organizations that understand their maturity and determine their needs can achieve success with customer analytics. From there, they can establish the appropriate strategy moving forward with management commitment for analytics and measurement projects and by implementing the right people, processes, technology, and information capabilities to support CA. Measuring and tracking program ROI evangelizes it internally to increase organizational influence and secure additional investment.

Identify And Unleash The Power Of Customer Analytics

Organizations often have a myopic view of customer analytics when establishing their practice. Initially, they set out to conduct customer analytics for marketing-specific use cases: to improve campaign targeting, attract new customers, and increase the value of existing ones. While these efforts are important to pursue, the scale and diversity of customer data provides rich new sources of insight that let firms engage with customers in new ways.¹ As a result, when practices grow in maturity, organizations must perform more analyses in broader areas to realize the full power customer analytics has for the business at large and build on foundational capabilities. We found that:



Customer analytics is the people, processes, tools, and techniques companies use to extract insights from customer data to better win, serve, and retain customers.

- **Better marketing starts with better customer knowledge.** Low-CA-maturity organizations concentrate their analytical efforts on personalizing product and promotional offers, but to do so, they also understand that they must get to know their customers better and build their relationship with them. As a result, they focus analyses on behavioral customer segmentation, customer loyalty analysis, and customer lifetime value (CLV) analysis.
- **More responsibility comes with growth.** Mid- and high-CA-maturity organizations prioritize marketing and customer-focused analyses as well, but they do it at a greater volume/scale. They also perform analysis in other areas, such as pricing of products and customer acquisition, demonstrating an appetite to expand their analytics program for more enterprise initiatives.
- **The future comes into focus as high-CA-practice organizations think bigger.** Customer analytics practices will continue to focus analytical efforts in these key areas highlighted going forward; however, mature CA practices are more likely to perform customer journey analysis than

mid- or low-maturity practices by 12 to 16 percentage points. Customer journey analytics enables a sightline into the omnichannel customer experience, allowing organizations to repair broken journeys and develop optimal ones (see Figure 1).



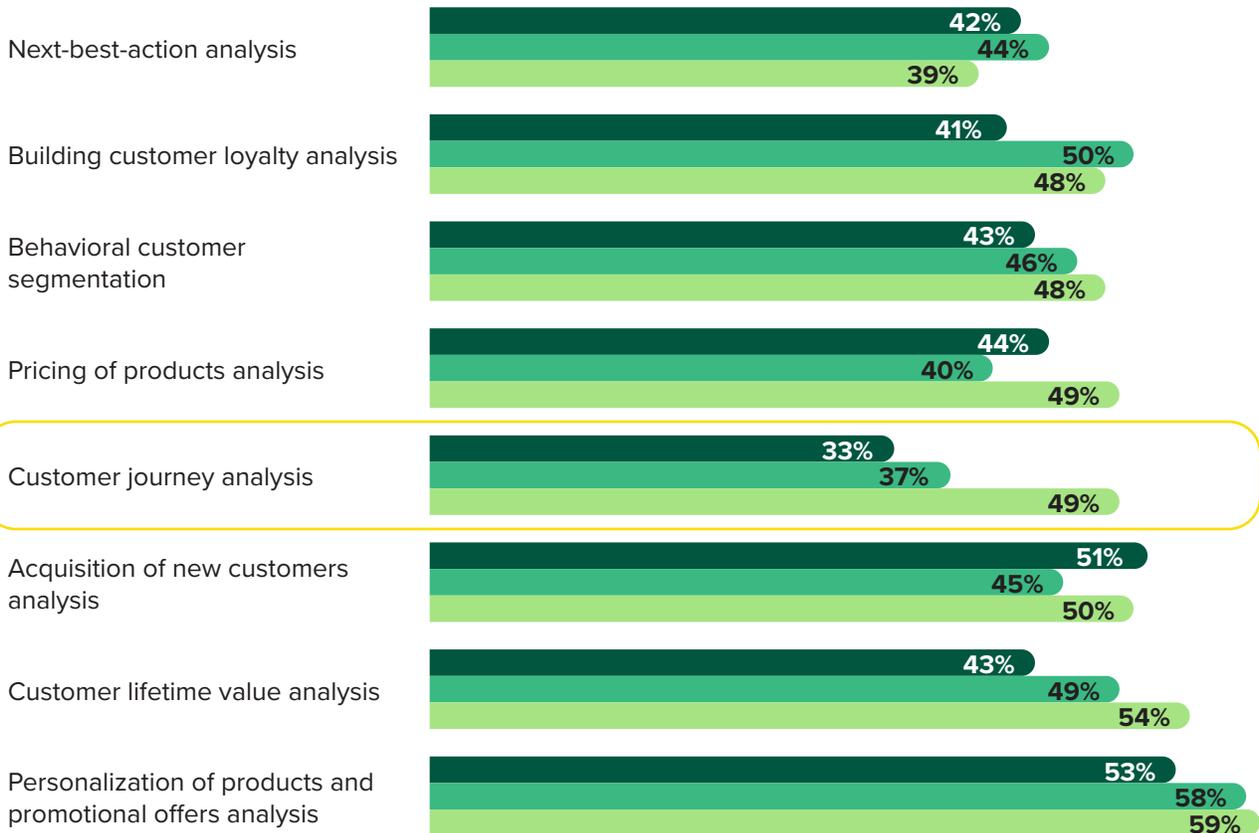
Customer analytics germinates in marketing, but must be planted as an enterprise imperative.

Given the types of analyses organizations are doing at different levels, it's clear that customer analytics germinates in marketing, but must be planted as an enterprise imperative to inform every customer decision and be truly transformational.

Figure 1

Types Of Analyses Organizations Plan To Perform, Or Will Continue To Perform In The Future, On Customer Data

- Low CA maturity
- Mid CA maturity
- High CA maturity



Base: 738 marketing, analytics, and IT decision-makers at enterprises in the US, Canada, and the UK that heavily collect and leverage first-party customer data

Note: Next-best-action analysis considers multiple different actions that could be taken for a specific customer and then decides on the best one to provide.

Source: A commissioned study conducted by Forrester Consulting on behalf of Kantar, April 2022

Why Customer Analytics Must Take Center Stage

The deluge of customer data in recent years and impact of the COVID-19 pandemic have provided customer analytics professionals with the opportunity to take center stage on strategic business decisions by helping their firms adapt quickly to changing customer behaviors.² These ripe customer insights are a critical component for every organization striving to become an insights-driven business, which are growing at an average of more than 30% annually.³

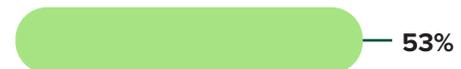
Given the profit potential, organizations are rushing to implement or advance their customer analytics practices; however, CA investments must be strategically planned for them to pay off. Oftentimes, customer analytics practices are leveraged in silos for specific functional areas (e.g., marketing, customer service, product, etc.), despite increasing investments and sophistication, limiting their full potential.⁴ Additionally, organizations face a rash of challenges that they must overcome to achieve CA success. The biggest gaps are with respect to strategy, structure, data, and technology (see Figure 2). We found that:

- **Data deprecation looms large.** Data has always been a challenge, but the nature of the challenge is changing. Previous studies have shown that top data challenges were consistently around data access and quality for all levels of maturity. Now, they are more related to third-party data and privacy.⁵ Concern over third-party data often relates back to data quality, however. When it's difficult to manage third-party data, it also becomes difficult to

Figure 2

“Where do you see the biggest gaps with your organization’s current customer analytics practices?”

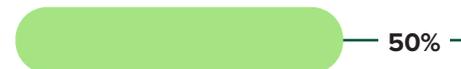
Strategy



Structure



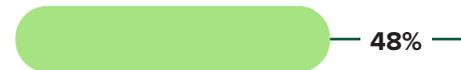
Data



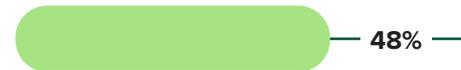
Technology



Analytics



Process



Base: 738 marketing, analytics, and IT decision-makers at enterprises in the US, Canada, and the UK that heavily collect and leverage first-party customer data
Source: A commissioned study conducted by Forrester Consulting on behalf of Kantar, April 2022

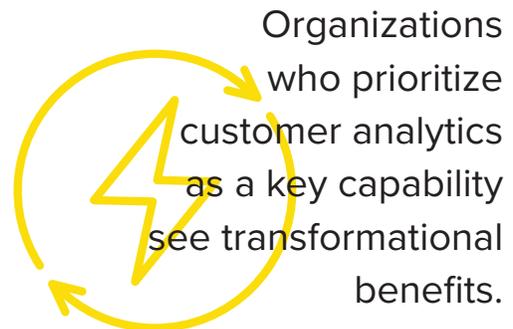
manage data quality. As a result, poor data quality can permeate and hinder every function, damaging the organization's reputation and causing legal compliance issues.⁶

- **CA needs smart technology architecture.** Having the right technologies in place to support company goals of embedding insights to improve business outcomes is also the top customer analytics challenge for low-, mid-, and high-CA-maturity organizations.
- **CA needs data literate end users.** Even with the right technologies in place, if internal stakeholders don't understand where insights come from or how to use them, they won't be used. This culture gap exists for all organizations as they endeavor to establish one that values insights-driven decision-making and measurable outcomes through data literacy and data storytelling.

ORGANIZATIONS WHO TAKE ACTION ON CUSTOMER ANALYTICS REAP THE BENEFITS

These challenges are at the forefront for all businesses alike; however, high-CA-maturity organizations are three to five times more prepared than lower-maturity organizations to deliver against their primary goals based on their current analytics capabilities, enabling them to outperform mid- and low-CA-maturity organizations for certain key initiatives. For example:

- **Most respondents, regardless of maturity, stated that increasing revenue (buy rate) from existing customers through cross-sell/upsell was a top priority.** Sixty-five percent of those respondents whose organizations have a high-CA-maturity practice reported that they were "Very prepared" to deliver on this goal based on their current analytics capabilities, and 45% stated their organizations have experienced improvements in this area because of its CA focus. In contrast, only 11% of respondents whose organizations have low CA maturity felt "Very prepared" to deliver on the same goal and, as a result, only 31% experienced improvements in this area. This trend is prevalent with other critical objectives that organizations define success around, such

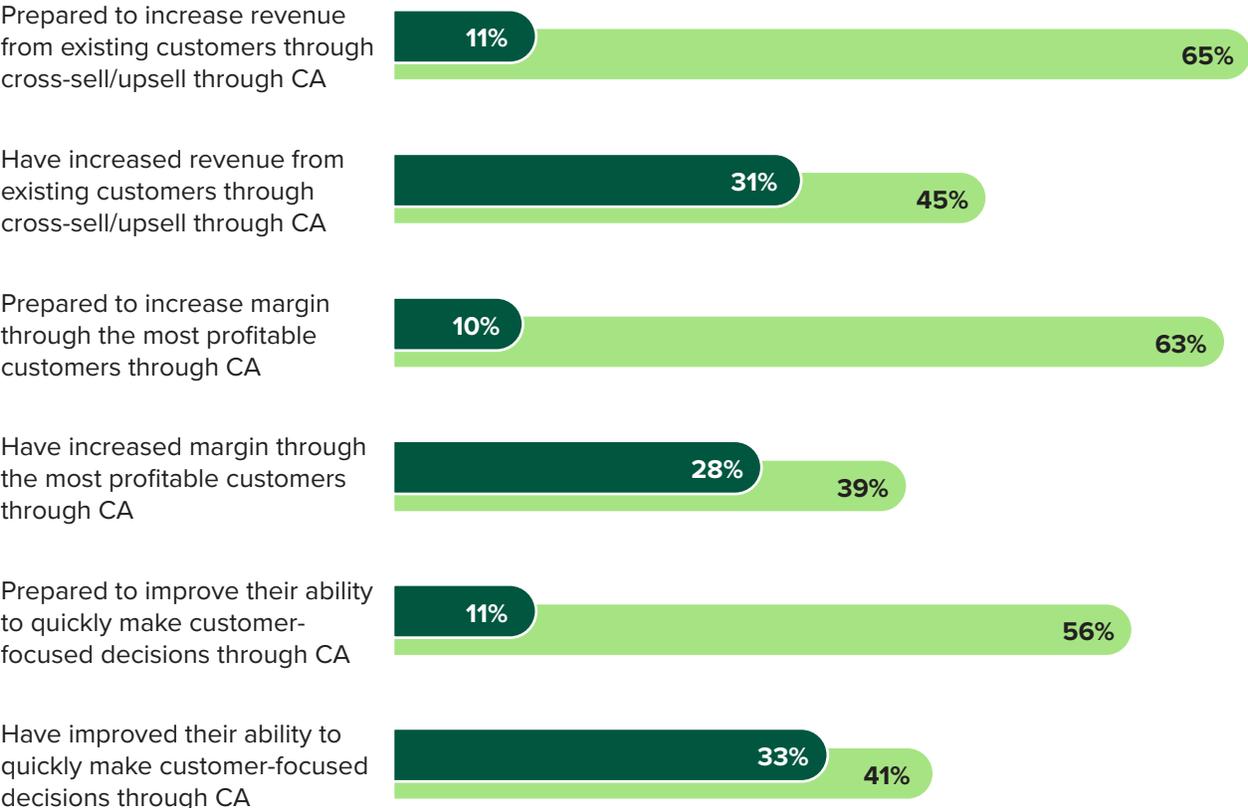


as improving their ability to quickly make customer-focused decisions and increasing margin through the most profitable customers (see Figure 3).

- Given these examples, CA preparedness is a precursor for success that starts at a foundational level.** As it can be imagined, high CA maturity also correlates to high data strategy maturity. These organizations are equally prepared to meet data strategy objectives and are supported by robust data and CA technology suites. Their ability to deliver on data- and CA-related goals, such as the ones stated above, have garnered leadership support, which in turn enables them to pursue bolder goals that will have a more meaningful impact on the organization.

Figure 3
Preparedness To Accomplish Objectives Through CA
Vs. Actual Accomplishments By Maturity

● Low CA maturity ● High CA maturity

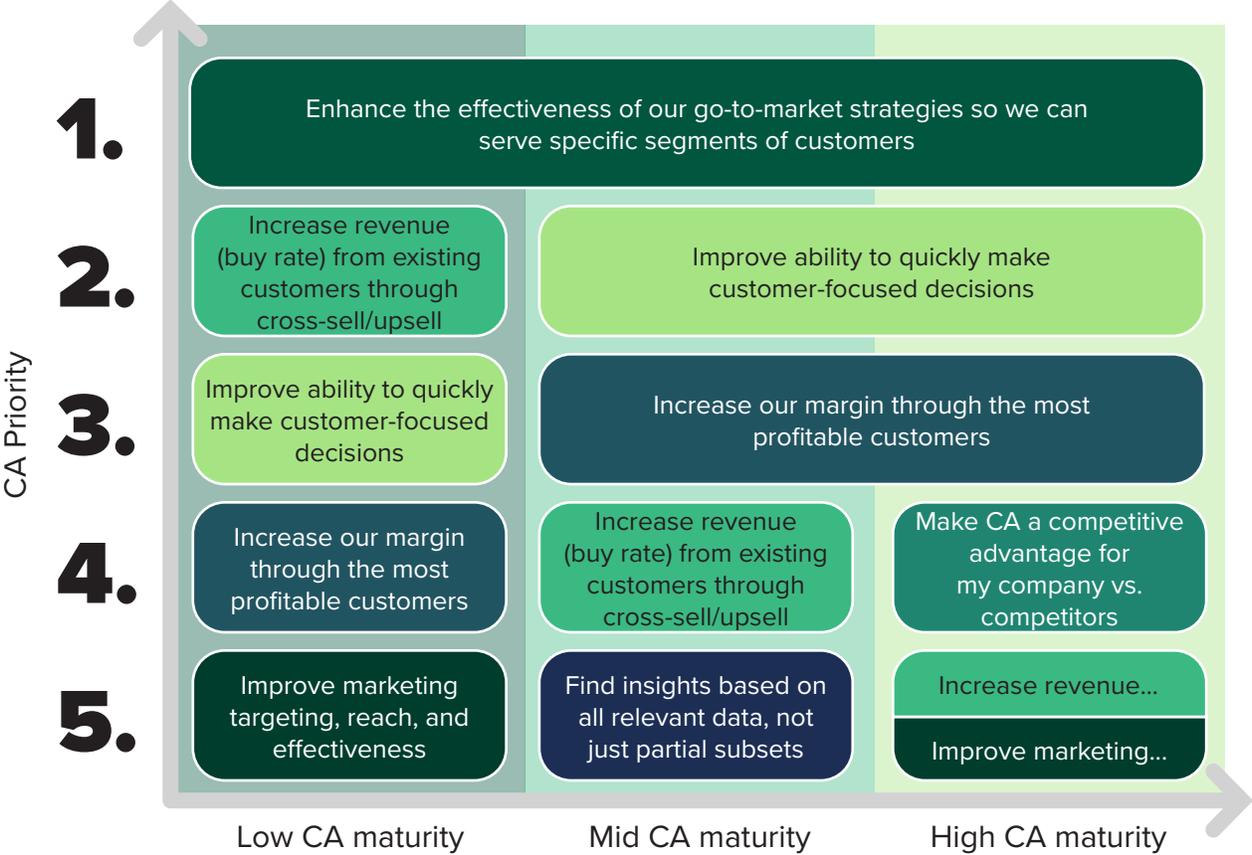


Base: 738 marketing, analytics, and IT decision-makers at enterprises in the US, Canada, and the UK that heavily collect and leverage first-party customer data
 Source: A commissioned study conducted by Forrester Consulting on behalf of Kantar, April 2022

Organizations who prioritize customer analytics as a key capability see transformational business benefits. As organizations grow in their customer analytics maturity, CA priorities become more strategic for the enterprise. These organizations have a bias towards priorities that enable them to make faster, better customer-focused decisions and actions. This starts with leveraging customer analytics to gain a better understanding of customers, which leads to more personalized engagements that increase customer loyalty/stickiness. Executing these targeted engagements quickly and effectively enable organizations to keep pace with the speed of business and innovation. Mature CA organizations also view customer analytics as a way to gain a competitive advantage, thus creating a positive impact on top/bottom lines (see Figure 4).

Figure 4

“What are your organization's primary goals/objectives with customer analytics?”



Base: 738 marketing, analytics, and IT decision-makers at enterprises in the US, Canada, and the UK that heavily collect and leverage first-party customer data
 Note: Matching colors in this chart indicate matching responses.
 Source: A commissioned study conducted by Forrester Consulting on behalf of Kantar, April 2022

This is part of a larger trend taking place in the marketplace where today's customer analytics practitioners are no longer just data geeks feeding the marketing funnel — they provide insights across the customer lifecycle to many stakeholders, including customer experience (CX) and product leaders. Customer insights (CI) professionals can use customer analytics to extend their value and become strategic business partners.⁷

Using customer analytics as a tool to become an insights-driven business leads to greater ROI for the organization. For example, a Forrester survey of data and analytics decision-makers indicated that firms at the advanced level of insights-driven maturity are five times more likely than those at the beginner level to report annual revenue growth north of 20%.⁸ Additionally, insights-driven businesses set the pace for global growth as they grow seven to 10 times faster than the global economy.⁹

The Roadmap To Achieving Customer Analytics Goals And Business ROI

Identifying quick, quantifiable wins is vital for any CA practice looking to advance their program. To begin, greater guidance is needed upfront to help organizations establish the appropriate objectives for building CA maturity. For example, our survey found that, while CA practice priorities were similar regardless of maturity level, preparedness to accomplish those objectives was not equivalent. High-maturity organizations were on average 44% more likely to feel “Very prepared” to deliver on their primary goals based on their current customer analytics capabilities. Building a thoughtful plan with the appropriate use cases and technology investments will help demonstrate the ROI of customer analytics with quick, high-value wins, and rally support for future endeavors.

Creating a business case for budget, resources, and executive attention comes down to selecting the right pilot project, implementing it, and communicating the results effectively. To do so, organizations must determine key business objectives, take thorough inventory of their data, and select a pilot based on feasibility and expected ROI.

- **Identifying clear business objectives.** The best business objectives have calculable monetary impact, are clearly aligned to business goals (not CA techniques like segmentation), and support customer experience initiatives in flight as they already have C-level buy-in. Organizations with vague business objectives who try to do too much when adopting CA tend to experience underwhelming results that are less likely to be operationalized.
- **Assessing data.** A thorough data inventory should determine what data you have, where you have gaps, and how clean and up-to-date the data is.
- **Picking a pilot.** Pilots should address specific business objectives using data listed in the inventory. These pilots should be prioritized based on feasibility and expected value.¹⁰

BUILD YOUR TECHNOLOGY FOUNDATION WITH GROWTH IN MIND

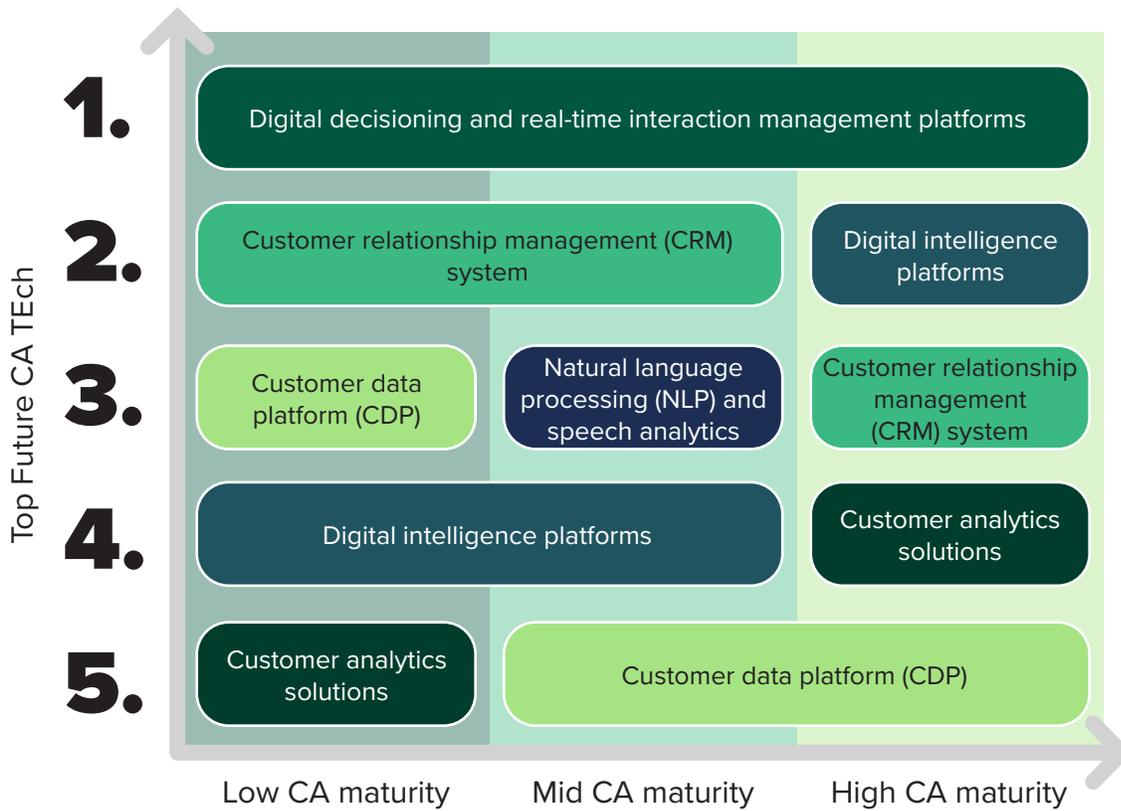
Once an organization establishes the proper use cases and pilot programs to engage in, customer analytics leaders must take inventory of their technology

needs and assess where to place investments. In our survey, we found roughly 80% of customer analytics decision-makers are continuing to increase investments in CA technology over the next couple of years. This is a significant increase as past surveys have shown roughly two-thirds of respondents' organizations were increasing investments in this space. This demonstrates how organizations see the value in CA technology and anticipate the ability to extract additional insights and value from data with more tools for the enterprise.¹¹ We found that:

- **Low-CA-maturity organizations are looking to play catchup.** Interestingly, low-CA-maturity organizations are increasing their investments more so than they have in the past. Low-CA-maturity organizations are more likely to increase their investments in CA technologies in the future compared to how they have increased investments in the past. This increase is a recognition of the existential threat companies face if they cannot truly understand their customers.
- **Not all industries invest the same way.** For example, 92% of respondents from retail organizations have increased investments in customer analytics over the past two years, the most out of any other industry. Retail will continue to lead the pack with investing as 93% of retail respondents reported that their organizations will increase investments. This is a stark difference from financial services, where 73% of respondents noted their organizations are planning to increase investments in CA. This makes sense, as financial services have a head start on retailers in the realm of customer analytics.
- **Technology investments align with stages of maturity.** Organizations are specifically concentrating their investments in 1) digital decisioning and real-time interaction management (RTIM); 2) CRM; and 3) digital intelligence platforms. While companies at all levels of maturity are likely to prioritize investment in digital decisioning and real-time interaction management platforms, high-CA-maturity organizations are more likely to prioritize real-time insights from digital intelligence than their peers. Low- and mid-CA-maturity organizations are more likely to prioritize investment in CRM, a more foundational but static system of record (see Figure 5).

Figure 5

“Which of the following technologies does your organization currently use for customer analytics?”



Base: 738 marketing, analytics, and IT decision-makers at enterprises in the US, Canada, and the UK that heavily collect and leverage first-party customer data

Note: Matching colors in this chart indicate matching responses.

Source: A commissioned study conducted by Forrester Consulting on behalf of Kantar, April 2022

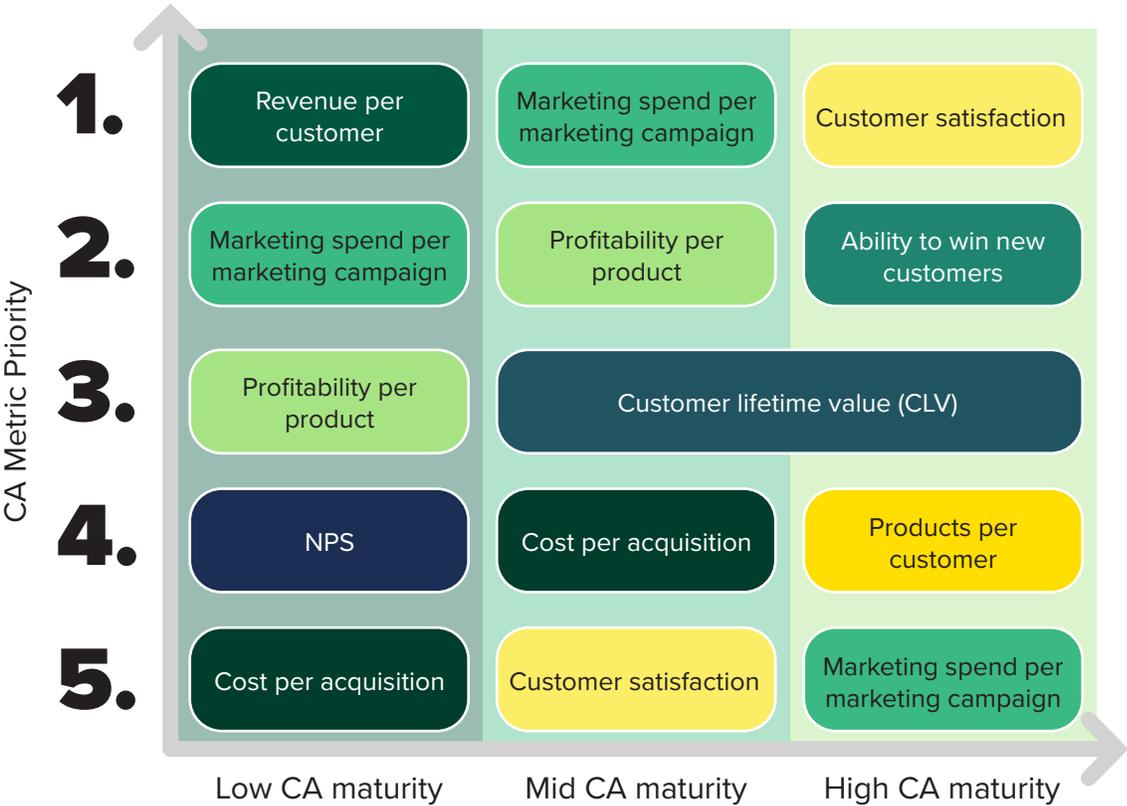
MEASURE PROGRESS OF YOUR CA INVESTMENTS WITH THE RIGHT ROI

It's important to measure the ROI of CA investments. Through their CA practices, organizations expect to spend more wisely, achieve higher profitability, and maximize customer value. ROI metrics must align with goals and maturity and become more applicable for the greater organization as CA practices grow. Starting off, lower-maturity organizations should use more marketing-focused metrics such as marketing spend per marketing campaign and common measurements like Net Promoter ScoreSM (NPS).¹² These metrics will allow organizations to achieve quick wins and secure greater buy-in from the organization to

target loftier goals. For example, mid- and high-CA-maturity organizations are more likely to measure customer satisfaction (CSAT) and CLV. These metrics are inherently customer-focused and can help measure the impact of analytics on a customer obsession-based transformation. Aligning analytics with CX imperatives enables the organization to provide next best experiences that identify and deliver the right experience to the right customer in real time based on everything the organization knows about the customer.¹³ This practice can yield stronger customer retention results and help companies do more with less, which is crucial especially in times of economic uncertainty (see Figure 6).

Figure 6

“How does your organization evaluate the performance of its customer analytics practice in general?”



Base: 738 marketing, analytics, and IT decision-makers at enterprises in the US, Canada, and the UK that heavily collect and leverage first-party customer data
 Note: Matching colors in this chart indicate matching responses.
 Source: A commissioned study conducted by Forrester Consulting on behalf of Kantar, April 2022

Company size should also be taken into consideration when assessing desired outcomes. In our survey, we found that, while organizations of all sizes have similar metrics, their priorities and outcomes are different. For example:

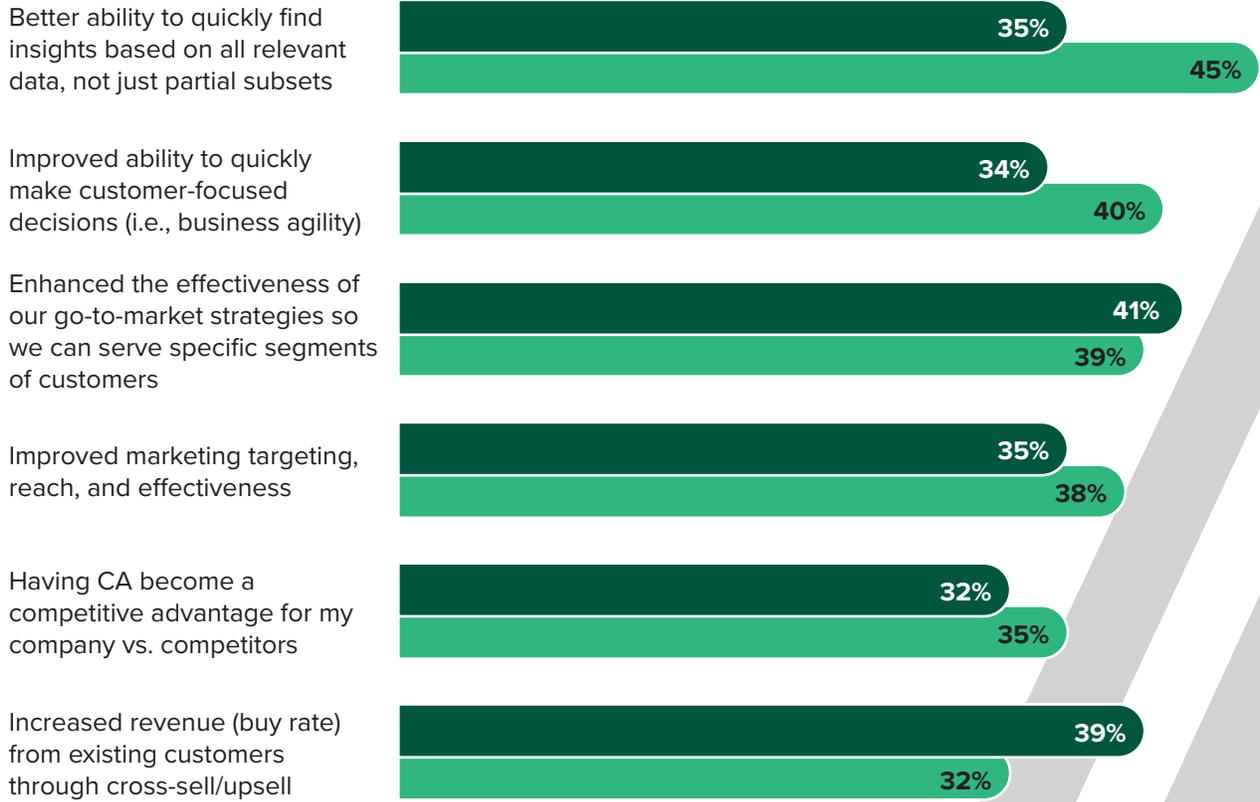
- Organizations under the \$1 billion revenue threshold were more focused on increasing revenue and cost/price optimization through their CA practice than organizations over the \$1 billion threshold.
- Organizations with \$1 billion or more in revenue were slightly more likely to prioritize making customer analytics a competitive advantage and the ability to find insights based on all relevant data, not just partial subsets than organizations with less than \$1 billion in revenue.
- Organizations with less than \$1 billion in revenue were slightly more effective at increasing revenue from existing customers through cross-sell/upsell. Organizations with \$1 billion or more in revenue were slightly better at improving their ability to quickly make customer-focused decisions (see Figure 7).

Customer analytics ROI is only achieved when organizations take the proper steps to address gaps in core competencies (e.g., strategy, structure, data, technology, etc.) and ensure that there is alignment across the ecosystem. Mastering foundational activities and picking the right pilot program to pursue helps organizations make accurate technology investments that enable customer analytics growth and business success.

Figure 7

Improvements From Enhancing Customer Analytics Processes

● <\$1B ● \$1B or more



Base: 738 marketing, analytics, and IT decision-makers at enterprises in the US, Canada, and the UK that heavily collect and leverage first-party customer data

Source: A commissioned study conducted by Forrester Consulting on behalf of Kantar, April 2022

Key Recommendations

All organizations hope that improvements to CA will enhance their ability to scale consistent, relevant customer engagement across all channels. They also hope to drive strategic differentiation. Getting to these outcomes is possible, but the path that each organization needs to take to get there will vary by maturity.

Low-CA-maturity organizations must prioritize a list of potential analytical projects to begin their journey.

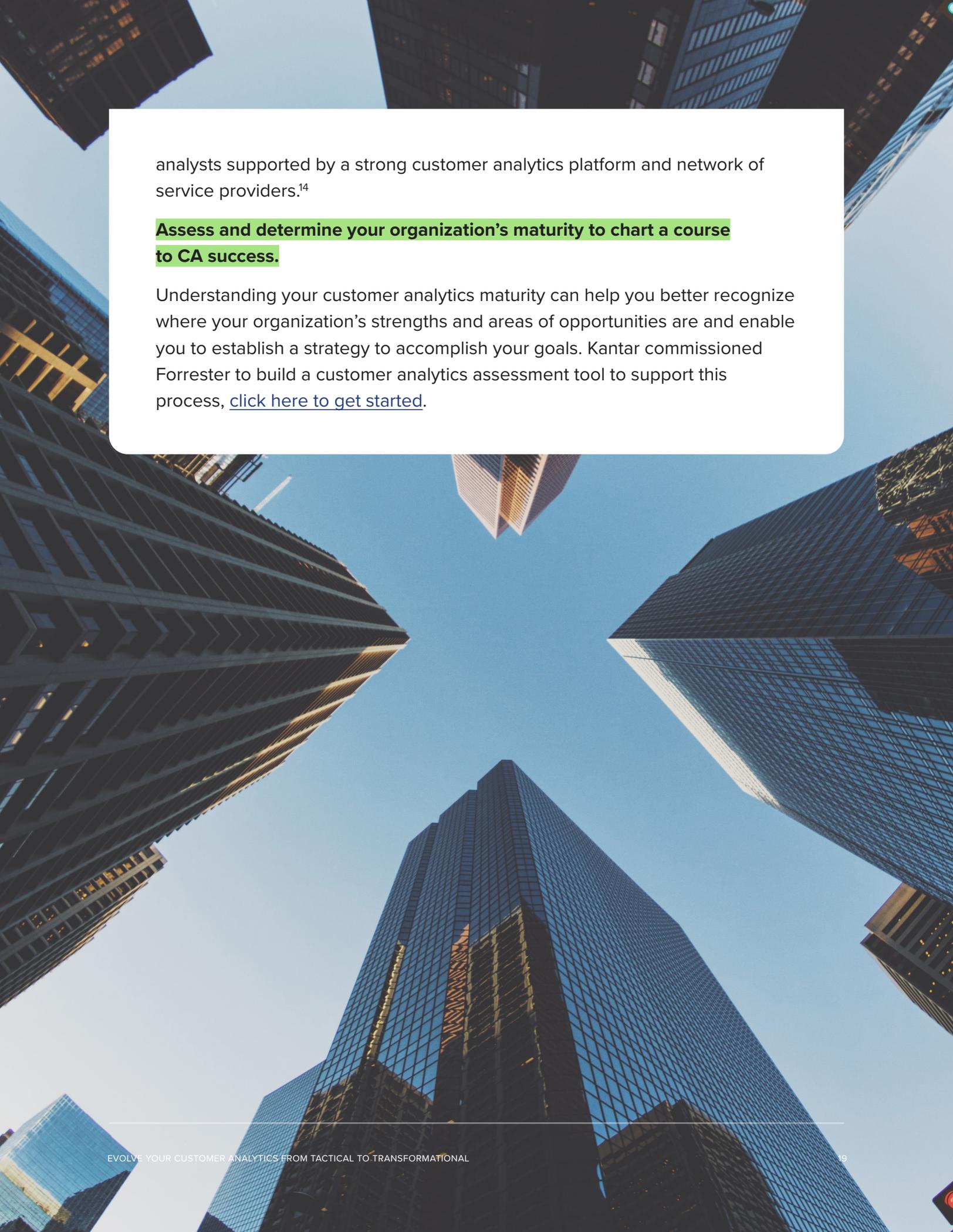
It's tempting to try to boil the ocean when they should really spend their time and resources on an initiative that will drive high value and is feasible given their current state. At the same time, they need to make a case for investment in customer data management, preparation, and enrichment by procuring the right technology stack and augmenting first-party data with the right second- and third-party data. This will be the bedrock for future advancement.

Mid-CA-maturity organizations must scale customer analytics efforts beyond marketing into other business domains, such as customer service, sales, and operations.

Consider adopting a hub-and-spoke model with centralized analytical resources, as well as liaisons working with different business units. Accurately and rigorously measure the ROI of analytical initiatives with business-focused KPIs.

High-CA-maturity organizations must invest in data literacy and data storytelling and move towards more prescriptive and predictive analytics using advance technologies like machine learning (ML) and AI to uplevel the entire organization's insights-driven maturity.

Once data and tech challenges are overcome, culture and people challenges come to light. Data literacy and data storytelling can overcome these challenges and get multiple lines of business aligned to deliver the next best experience to customers across touchpoints. These organizations have a strong multidisciplinary teams of business-savvy data scientists and business



analysts supported by a strong customer analytics platform and network of service providers.¹⁴

Assess and determine your organization's maturity to chart a course to CA success.

Understanding your customer analytics maturity can help you better recognize where your organization's strengths and areas of opportunities are and enable you to establish a strategy to accomplish your goals. Kantar commissioned Forrester to build a customer analytics assessment tool to support this process, [click here to get started](#).

Appendix A: Methodology

In this study, Forrester conducted an online survey of 1,044 marketing, analytics, and IT decision-makers at enterprises in the US, Canada, and the UK to evaluate their data strategy (DS) and customer analytics (CA) capabilities. Survey participants included decision-makers in director-level positions and above at organizations in two different industry groups: those with a heavy amount of first-party data and those without it. Questions provided to the participants asked about their DS and CA practices. Respondents were offered a small incentive as a thank-you for time spent on the survey. The study began in March 2022 and was completed in April 2022.

Appendix B: Demographics

GEOGRAPHY	
US	50%
Canada	20%
UK	30%

ANNUAL REVENUE	
\$250M to \$499M	19%
\$500M to \$999M	39%
\$1B to \$5B	35%
Greater than \$5B	7%

EMPLOYEE COUNT	
1,000 to 4,999	67%
5,000 to 19,999	27%
20,000 or more	5%

INDUSTRY (TOP 5)	
Financial services/insurance	23%
Healthcare	15%
Retail	11%
Media/leisure	11%
Technology/technology services	10%

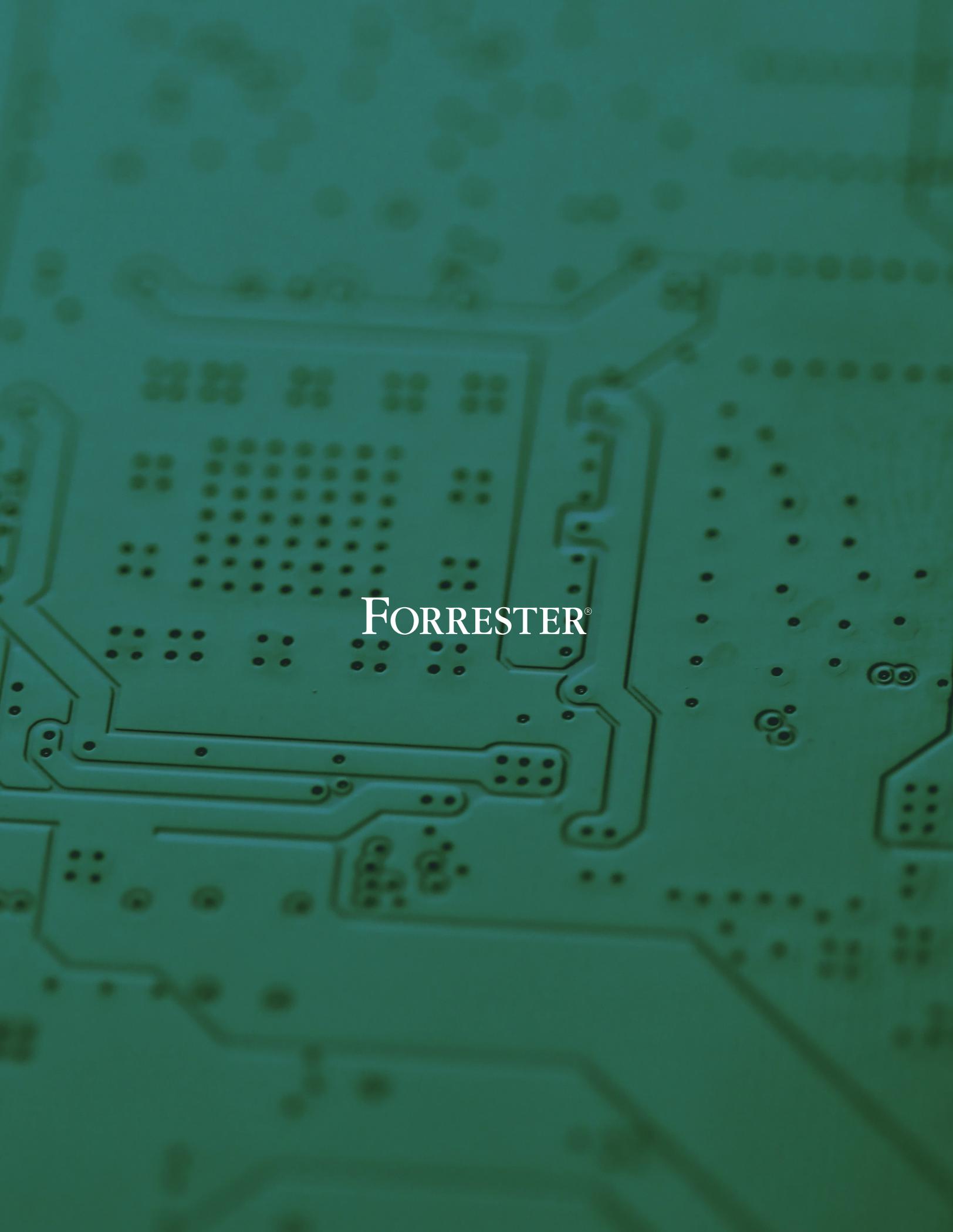
DEPARTMENT	
IT	35%
Data science/analytics	30%
Customer insights	19%
Marketing	16%

TITLE	
C-level	12%
Vice president	56%
Director	32%

Note: Percentages may not total 100 due to rounding.

Appendix C: Endnotes

- ¹ Source: “Turn Data Into Insights With Customer Analytics,” Forrester Research, Inc., October 29, 2021.
- ² Ibid.
- ³ Source: “Insights-Driven Businesses Set The Pace For Global Growth,” Forrester Research, Inc., October 19, 2018.
- ⁴ Source: “The Future of Customer Insights Will Power Next Best Experiences,” Forrester Research, Inc., February 12, 2021.
- ⁵ Source: “State Of Customer Analytics 2020,” Forrester Research, Inc., March 11, 2021.
- ⁶ Source: “Ensuring Data Quality,” Forrester Research, Inc., October 5, 2020.
- ⁷ Source: “Turn Data Into Insights With Customer Analytics,” Forrester Research, Inc., October 29, 2021.
- ⁸ Source: Forrester Analytics Business Technographics® Data And Analytics Survey, 2020.
- ⁹ Source: “Insights-Driven Businesses Set The Pace For Global Growth,” Forrester Research, Inc., October 19, 2018.
- ¹⁰ Source: “Pick A Powerful Pilot To Propagate Customer Analytics,” Forrester Research, Inc. November 30, 2021.
- ¹¹ Source: Forrester’s Global Marketing Survey, 2022 (B2C).
- ¹² Net Promoter, NPS, and the NPS-related emoticons are registered U.S. trademarks, and Net Promoter Score and Net Promoter System are service marks, of Bain & Company, Inc., Satmetrix Systems, Inc. and Fred Reichheld.
- ¹³ Source: “The Future of Customer Insights Will Power Next Best Experiences,” Forrester Research, Inc., February 12, 2021.
- ¹⁴ Source: “Advance Your Customer Analytics Maturity,” Forrester Research, Inc., January 20, 2022.



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