Digitally transforming customer experiences

In today's digital economy, customers are continuing to set the bar higher and higher in terms of what they expect from the brands they interact with. Power that was once held by the providers of goods and services has now shifted to the customer – whose demand for a seamless and highly relevant experience at every interaction is driving a shift in the way organizations must operate.

With the rise of internet consumerism, customers have access to more content, buying channels, and brand options than ever before. With such an overload of information and choices available, organizations can no longer survive by simply providing the bare minimum necessary to keep customers from leaving – instead they are shifting to a strategy centered around optimizing customer experiences and outcomes.

As technology has advanced from traditional one-way marketing and generic engagement to allow for data-driven experiences, organizations now have the ability to approach and engage their customers in more proactive, intentional ways than was previously imaginable.
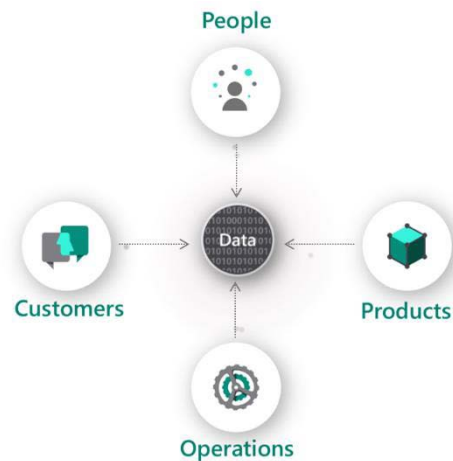
It's all about the data

Providing an exceptional, highly relevant customer experience is no longer an option, it's a necessity. In a market where customers are free agents and where adoption and abandonment occur at the blink of an eye, organizations must demonstrate that they both understand and value their customers. It all starts with data and business applications that leverage that data to drive customer-centric experiences.

For decades, business applications have been relatively static in their functionality and approach. Because business applications embody and automate an organization's business processes, the business processes themselves have been relatively static as well, limiting organizations to operating in a reactive – versus a proactive – manner. For example, when a customer would have a problem and contact a call center for help, the service representative manually enters the information into the CRM platform,

then manually completes steps to rectify the problem, typically utilizing several, disconnected systems. This is an incredibly reactive process and has been the norm for decades because there has been no other way to approach it.

With the advancements of technology, things are fundamentally changing – data is flowing from everything, and at rapid pace. Increasingly, every product and service is being digitally enhanced – products have embedded software, services are consumed via applications, and everything is connected to the cloud. These digitized, intuitive technologies are enabling organizations to leverage data to derive insights that power proactive action – detecting issues and anomalies before they arise, and knowing what customers want even before they do. This transition from reactive to proactive business processes is powered by data, guided by intelligence, and delivered through transformed experiences, while business applications are being reimagined to support this opportunity.
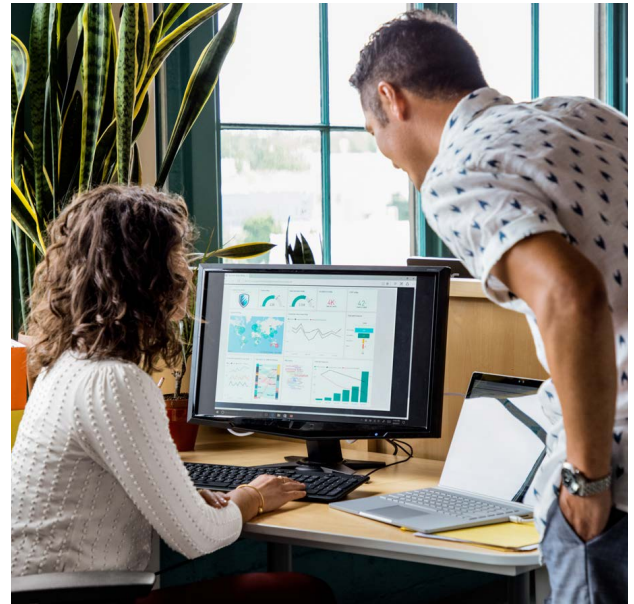
An enormous volume of data is being generated constantly by customers, products, employees, and operations, which can be collected, analyzed, and interpreted in order to gain a more holistic view of
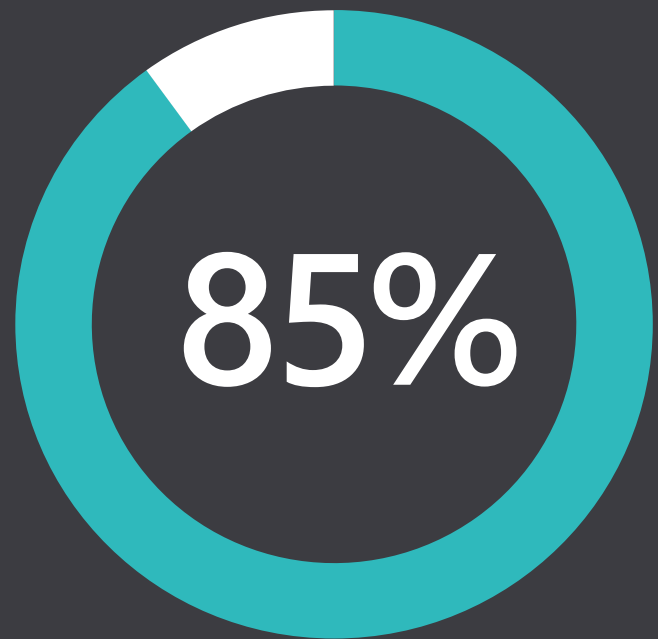

everything going on within and around an organization. From the customer perspective, behavioral and transactional data gathered at every interaction – like web searches, social media updates, purchases, or support calls – provide insights that power more intelligent engagements across marketing, sales, and service. These engagements generate even more data and, over time, build and improve the 360-degree view of the customer in a continuous digital feedback loop.

The impact that customer data is having in today's economy is already clear. Organizations that are leveraging their customer behavior data to generate insights outperform peers by 85 percent in sales growth and more than 25 percent in gross margin.[1] A unified data estate not only helps organizations to better understand and engage their customers, but can power better business decisions and strategies – like which products or services to eliminate, or where to locate the next storefront.

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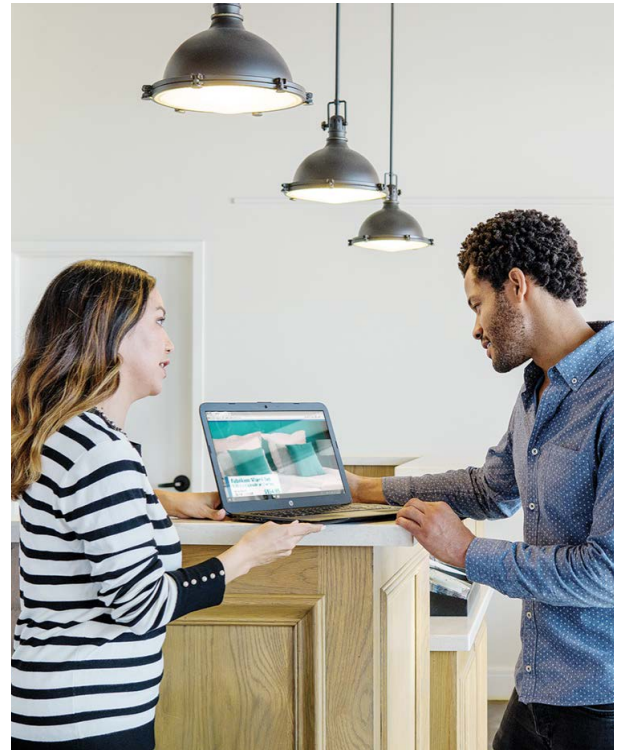
85%

Gaining a 360-degree view of customers

Digitally transforming the customer experience not only drives sales, but establishes deeper, more lasting customer relationships. Over 90 percent of customers report they are more likely to interact with brands that recognize them and provide relevant engagement or recommendations[2] – making it vital for organizations to leverage their customer data to deliver unique, modern experiences in order to remain competitive.

A recent McKinsey study notes that a popular multichannel retailer leveraged its customer purchase data and on-site activity to trigger targeted messaging to individual customer segments, doubling its email open rate from 10–15 percent to 25–35 percent. Similarly, the study found that a travel company utilizing comparable strategies with its customer data saw an increase of 10–20 percent in conversion rates and customer lifetime values.[3]

Companies like Netflix have been leveraging

this approach for years, fine tuning and delivering exceptional experiences built on a deep understanding of their customers. The entertainment streaming giant utilizes artificial intelligence (AI) and machine learning algorithms to identify patterns and trends in what customers watch and search for, then produces personalized recommendations for each individual user of an account or household. The more data it collects over time, the smarter the system and more accurate the suggestions become. More than 75 percent of Netflix viewer activity results from the user-data-driven recommendations, which drives over $1 billion in savings per year for the company by reducing churn.[4]

Leveraging data to drive acquisition, conversion, and retention

With holistic data about customers, organizations can better understand buyer preferences and anticipate customer needs, deriving insights that power proactive, intelligent engagement at every touchpoint – from marketing to sales and service. Not only does this strengthen the entire customer journey, but can help drive better business outcomes, including increases in acquisition, customer lifetime value, revenue, retention, and loyalty.
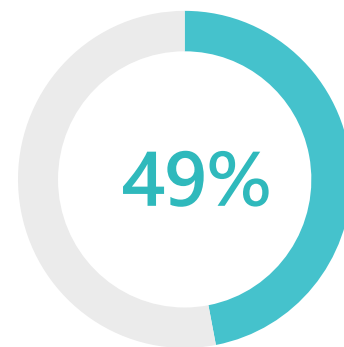
Improve acquisition

Understanding customers on a deeper level helps organizations not only tailor their content for individual customer segments, but helps attract qualified leads who are more likely to be interested in what they're

offering. Ultimately, leveraging customer data enables organizations to target the right customer, with the right offer, at the right time – raising the likelihood of conversion, focusing on higher value customers, and improving ROI. Research shows that companies currently utilizing individually targeted offerings are converting sales two to three times faster than those that don't.[5]

Unlock new revenue opportunities

The goal is no longer to simply convert a customer in a single, initial transaction – the bigger picture is to secure repeat purchases and increase the customer's lifetime value. By enriching existing internal customer data with third-party data and AI, organizations can provide intelligent upsell or next-best-offer suggestions and drive additional revenue.

49%

In fact, 49 percent of customers say they've purchased additional items or services they did not intend to due to a tailored recommendation from a brand.[6]

Strengthen retention and loyalty

Competition is fierce and with no shortage of options available today for nearly every product or service, it is easy for customers to find an alternative the moment they feel unvalued. Considering that it costs five times more to attract a new customer than to retain an existing one,[7] using customer data to deliver exceptional experiences and service is paramount to strengthening retention. Empowering service employees with complete, 360-degree customer profiles enables them to provide intelligent service and recommendations and to resolve issues swiftly, while AI-powered analytics can predict customers likely to churn and trigger retargeting offers to keep them from leaving.
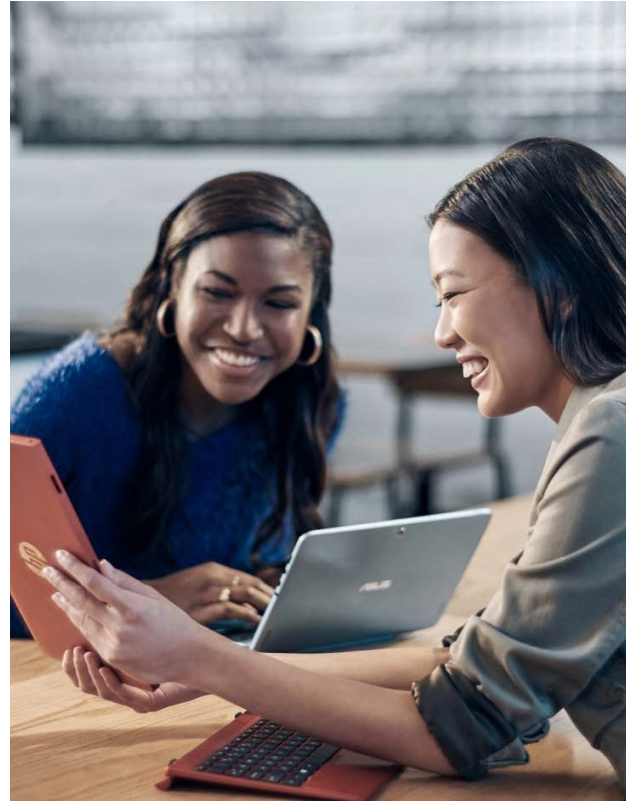
5x

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So why is it still hard to do?

While business leaders are realizing they must move fast to become customer-data-driven organizations, the reality is that many companies are still falling short of providing the experiences that customers expect. More than 74 percent of customers report frustration with receiving irrelevant, generic engagement[8] and 61 percent have stopped doing business with a company because of it.[9]

Much of the data necessary to power intelligent customer experiences may already be getting collected, but simply gathering customer data doesn't mean that it will be readily accessible or actionable. With data coming in through multiple channels in an organization – from sales and marketing interactions to customer service calls – it is often siloed across disparate systems, making it difficult or impossible to unify in order to gain a single source of truth.

Deepening the challenge is the inability to ingest, process, and interpret this enormous volume of data at scale in order to react with the speed necessary to be effective in today's fast-paced market. While a cloud infrastructure can enable this using AI, it still requires the right safeguards in order to maintain data security and compliance. Gaining a truly holistic view of customers requires that data not only be synthesized in real time, but needs to be enriched with AI and machine learning in order to derive richer insights – requiring a clean data estate and expensive data scientists to implement the strategy.

How a Customer Data Platform can help

The good news is that you don't have to be an industry giant like Netflix or Starbucks to successfully leverage your customer data – and a customer data platform (CDP) can help you get there. With a CDP like **Dynamics 365 Customer Insights,** organizations can unify their customer data across all sources to gain a truly 360-degree view of their customers, unlocking insights that power intelligent, authentic engagement at every touchpoint.

What sets Customer Insights apart?

Unlike other customer data platforms, Customer Insights is a self-service solution, enabling faster time to initial value with zero to minimal consulting engagement. Bringing together data from all channels – campaigns, website visits, onsite transactions, social interactions, loyalty redemption, customer service encounters – Customer Insights utilizes analytics, artificial intelligence, and machine learning to create a holistic view of each customer with actionable insights. It also provides proprietary customer data enrichment for more complete customer segments with Microsoft Graph.

This unified source of customer data empowers every employee to connect and engage with customers in meaningful ways, extending to other business applications to enable intelligent action across the organization – from marketing, to sales, and customer service. Additionally, organizations can connect to a myriad of data sources to seamlessly run analytics on their data estate through Power BI, build custom line of business applications through PowerApps, and can leverage intelligent insights to trigger business processes in Microsoft Flow.

Built on the Microsoft Azure cloud platform, Customer Insights delivers fully secure and compliant SaaS applications, while offering additional extensibility through a large ecosystem of Microsoft partners to help optimize and tailor solutions.

To learn more, visit the Dynamics 365
Customer Insights <u>website.</u>

1 McKinsey
2 Accenture
3 McKinsey
4 SpringTab
5 BCG
6 Forbes
7 CMO
8 Infosys
9 Accenture