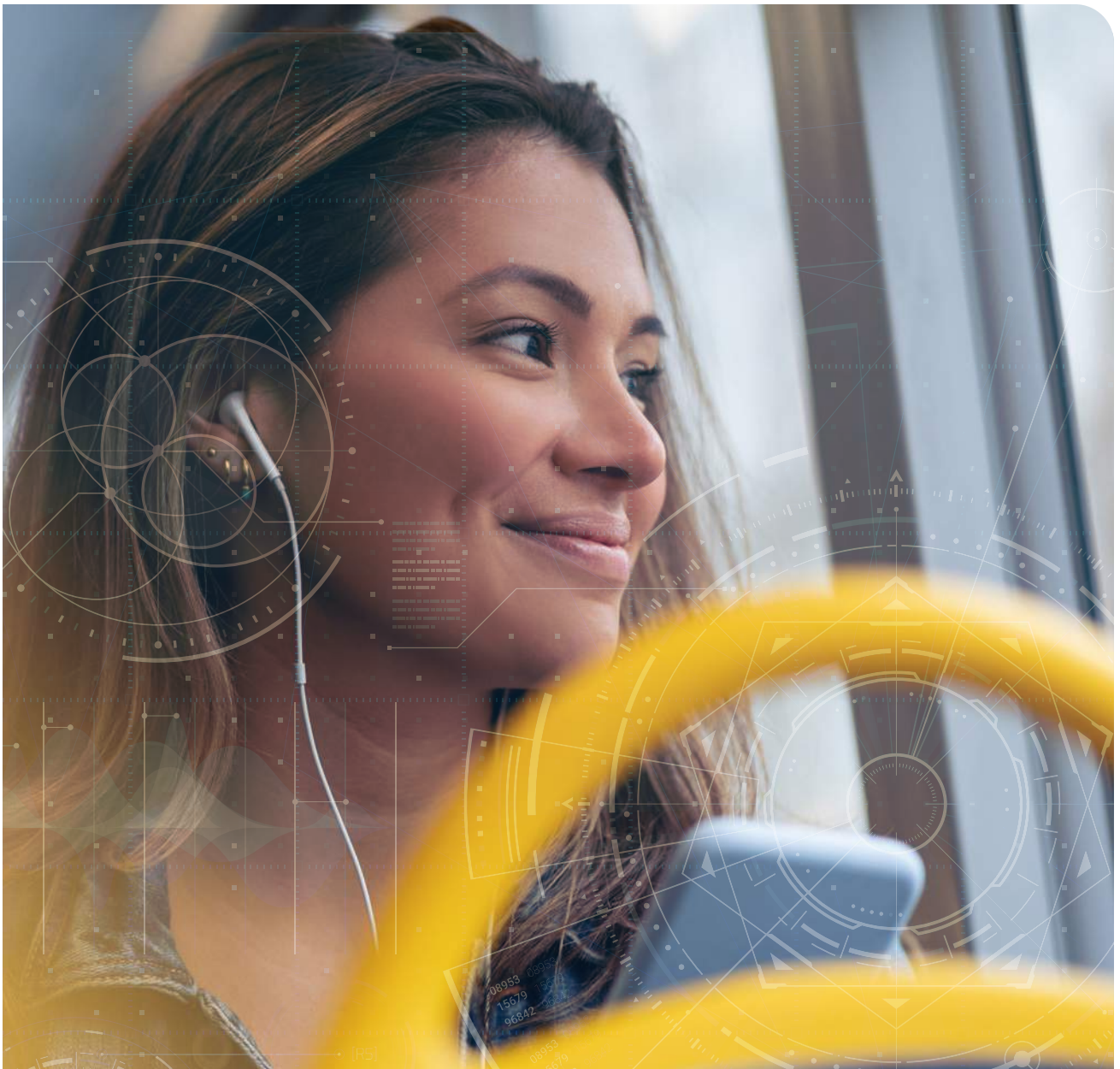


Customer-first, but are data and technology falling behind?



In partnership with



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Trusted data drives customer actions



Brands are using data to understand and engage customers better in a disrupted digital world. Despite this disruption, customers are still people who appreciate good service, relevance, being listened to and looked after. They want an easy, frictionless buying experience and a brilliant ownership experience. They value those things and always will, whether face-to-face or via a device. Customer relationships are a function of magic moments online and offline that determine whether to engage or to buy, again and again.

“72.5% say legacy systems are a challenge to becoming customer-first”

In this disrupted world, data differentiates. Understanding customers through data and using that data to speak to them about what they care about. It is about being the best brand possible to each customer. Only data can help nurture customers towards a closer relationship. With so much data, more stringent regulations, and higher customer expectations today, it is not easy to harness data and empower the marketing technology available. Connecting all relevant data across channels and technologies, then leveraging a unified data layer to understand customers continuously whenever they connect, reflecting changes in life stage, location and interests, is paramount.

“76.2% are transforming to customer-first at company or department level”

Customer-first means data-first. And trusted data in the right moment drives every single customer to action. Only through a trusted, unified data layer can brands apply artificial intelligence and machine learning methods to respond with relevance and respect so that every journey is a memorable one.

Dr Jochen Toepfer
SVP professional services EMEA
Acxiom International



80.0% are investing in cloud-based data platforms

acxiom



52.5% use a data lake to integrate first-party and digital data



51.5% are transforming enterprise-wide to be customer-first, but only 23.7% can currently identify customers at every touchpoint.

Key Findings:

- **22.5% of organisations are at an Advanced level with their adoption of data and analytics.** But 11.2% are still in Early stages - limiting the likely success of their business transformation.
- **51.2% of organisations are undertaking a wholesale change to be customer-first,** while 25.0% are doing this one department at a time. That is a high degree of change across a significant proportion of every sector and size of business.
- **23.7% are currently able to identify customers as individuals at every touchpoint,** meaning that half of those pursuing an enterprise-wide transformation will need to tackle this to catch up.
- **Operational departments offer the most common owners of the customer-first strategy,** led by the chief marketing officer (31.2%), chief customer officer (23.7%) and chief operating officer (17.5%). But it is notable that chief data officers are the third most likely to be providing top-level support (21.2%).
- **The complexity and scale of becoming customer-first is evident from the focus of increased investments** - a new cloud-based data platform (80.0%) and customer data platform (72.5%) are needed to bring all of the customer information in the business together.
- **Key benefits expected from the customer-first strategy are** improving the customer experience (ranked first by 33.7%) and enhancing the customer experience (ranked first by 26.2%).
- **The increased level of investment into technology as part of customer-first strategies is not without cause** - legacy systems are the dominant challenge identified by 72.5% of organisations.
- **But organisations are not starting completely from scratch** - three-quarters already have modern data solutions to work with, in the form of either a data lake (75.0%) or a cloud-based data platform (71.2%).
- **Business processes require an holistic view of the customer to perform optimally.** That is why the highest level of importance is given to customer analytics and insight (4.85 out of 5) and customer experience management (4.65) as users of this new data asset.
- **Digital data about the customer from outside of the corporate footprint is the final piece of the puzzle** that needs to be added. A majority of organisations (52.5%) are using a data lake to bring customer and digital data types together.

Section one - Becoming customer-first

Maturity level in the adoption of data and analytics is an important factor in driving business transformation. The more embedded that these assets and resources are within the enterprise, the faster and more effectively it will be able to develop new processes. For more than one in five organisations (22.5%) who are at the Advanced stage, realising their new vision for the business should be entirely within their capabilities.

Where data and analytics are at Reaching maturity stage, as with one quarter of organisations (25.8%), most of the levers they need to pull during a business transformation should be in place, but with some gaps or potentially whole divisions which lag behind. This will be even more the case at four in ten (39.3%) who are Developing - when transformation strategies meet operational environments, there is a significant potential for failure here. For one in nine (11.2%) who are still in Early stages, attempting a business transformation would be likely to have limited success.

This maturity indicator is used across this report to identify what advantages are gained from being ahead on the adoption curve of data and analytics.

Figure 1.1

Level of adoption of data and analytics

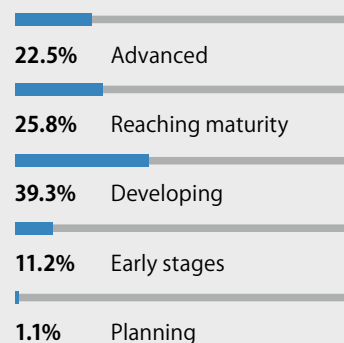
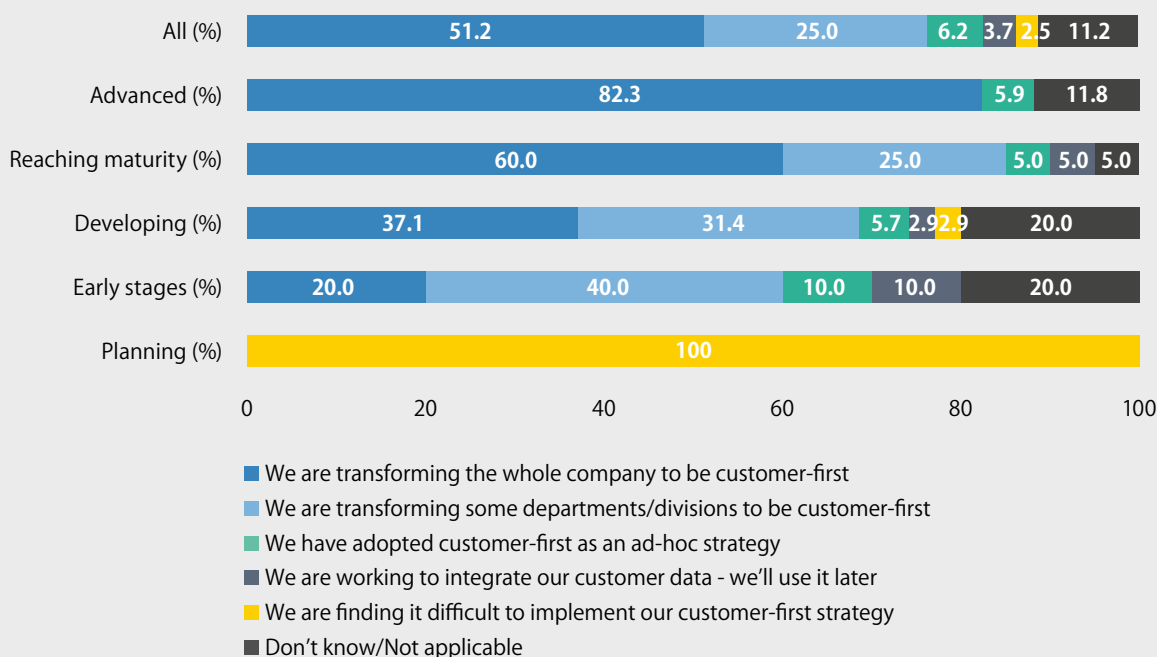


Figure 1.2

The vision for the business in relation to its customers



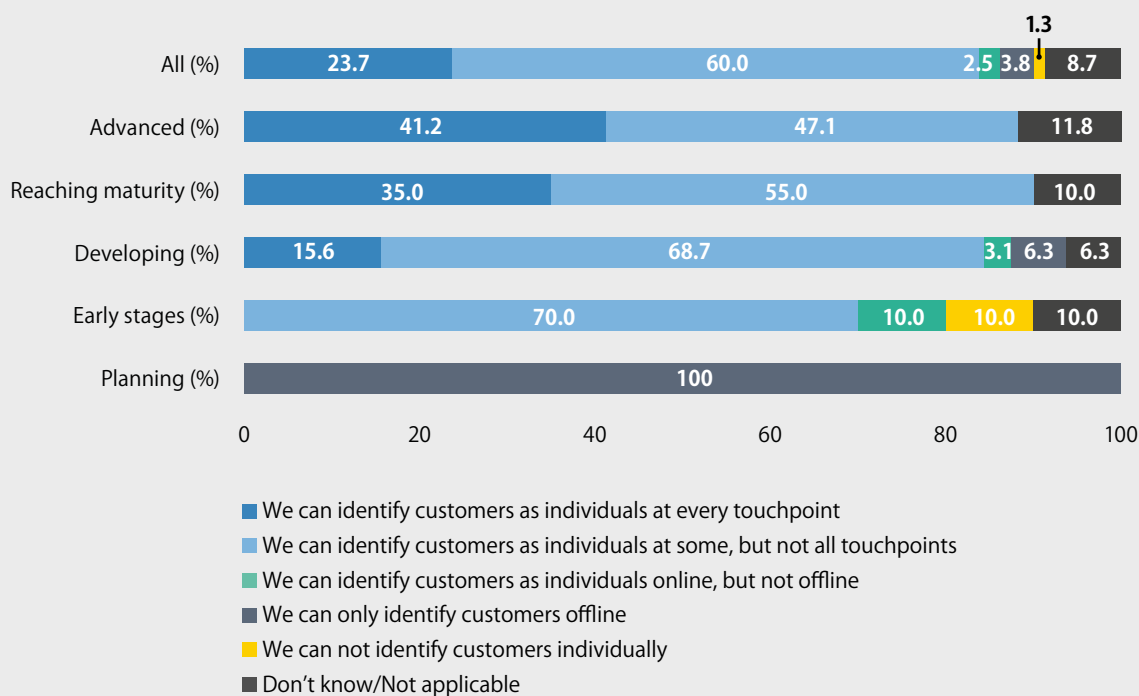
Digital technology and changing customer expectations are driving big changes in how organisations operate - a majority (51.2%) are undertaking a wholesale change to be customer-first, while one quarter (25.0%) are doing this one department at a time. That is a high degree of change across a significant proportion of every sector and size of business.

What is especially notable is the lead being taken by businesses who are the most mature in terms of their adoption of data and analytics - eight out of ten (82.3%) at the Advanced level are running enterprise-wide customer-first transformations, with six out of ten (60%) who are Reaching maturity following suit.

Customers of these organisations will notice the difference and wonder why others do not offer the same quality of service, experience and recognition. Accelerating transformations in these businesses should become corporate strategy as soon as possible.

Figure 1.3

View of customers across touchpoints



The scale of the challenge around becoming customer-first can be seen in the existing view that organisations have of those customers. Just under one quarter are currently able to identify them as individuals at every touchpoint, meaning that half of those pursuing an enterprise-wide transformation will need to tackle this to catch up.

Even in the Advanced group, customer identification everywhere is at half the level of enterprise-wide transformation (41.2% out of 82.3%) and nearly the same for those Reaching maturity (35.0% out of 60.0%). This further emphasises how much of a lead is held by companies which can see customers as individuals across their footprint - those lagging behind are not delivering best-in-class customer experience.

Any enterprise-wide transformation - even those tackling a few divisions first - will involve a lot of stakeholders and require high-level political support. That means having a C-suite sponsor to advocate for the vision in the boardroom.

Operational departments offer the most common owners, led by the chief marketing officer (31.2%), chief customer officer (23.7%) and chief operating officer (17.5%). But it is notable that chief data officers are the third most likely to be providing top-level support (21.2%). The insight into customers which the CDO is able to bring to the table is clearly important in keeping the strategy aligned with customer needs and opportunities.

Although one in five organisations have a technology-owned customer-first strategy led by the CTO (11.2%) or the CIO (8.7%), this is the wrong place to start from if people and processes are to be changed.

Transforming the business requires investment to drive the changes needed. A clear hierarchy can be seen around spending increases which prioritise technology, with people in second place and data in third place. The complexity and scale of becoming customer-first is evident in the first tier of increased investments - a new cloud-based data platform (80.0%) and customer data platform (72.5%) are needed to bring all of the customer information in the business together, while introducing a data science platform allows innovative processes to be developed.

Figure 1.4

Ownership of the customer-first strategy

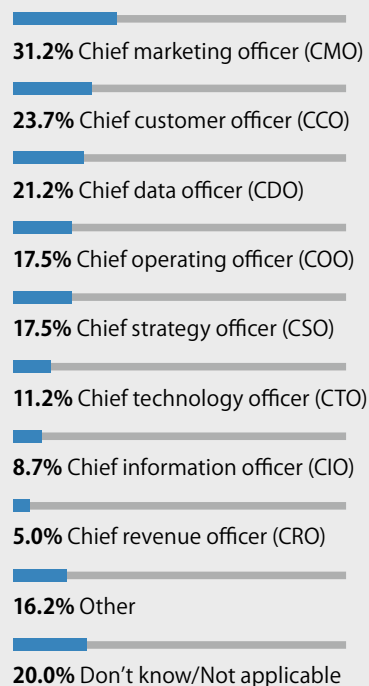
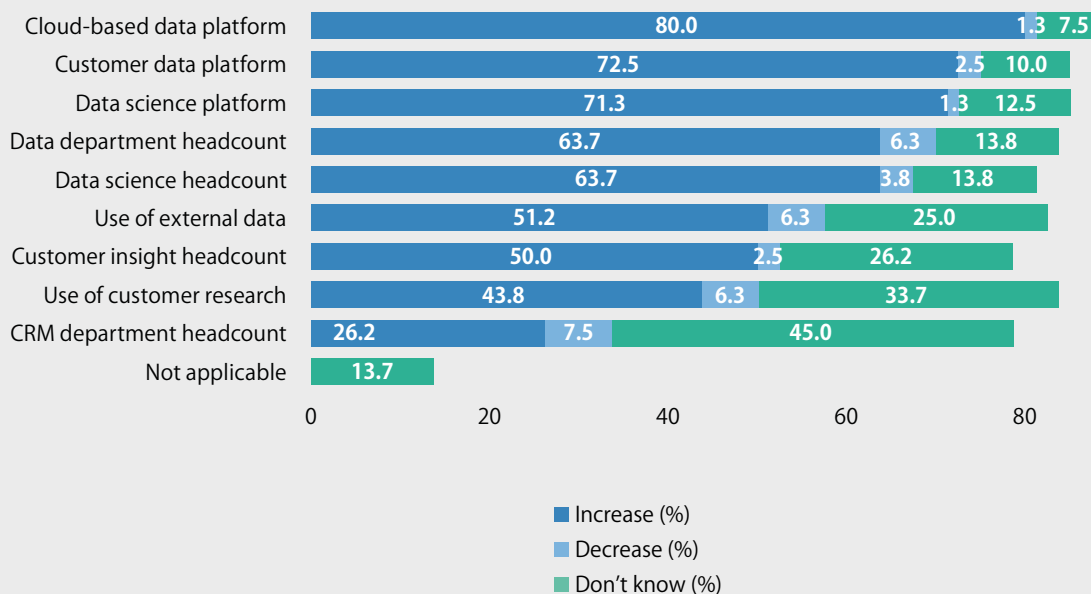


Figure 1.5

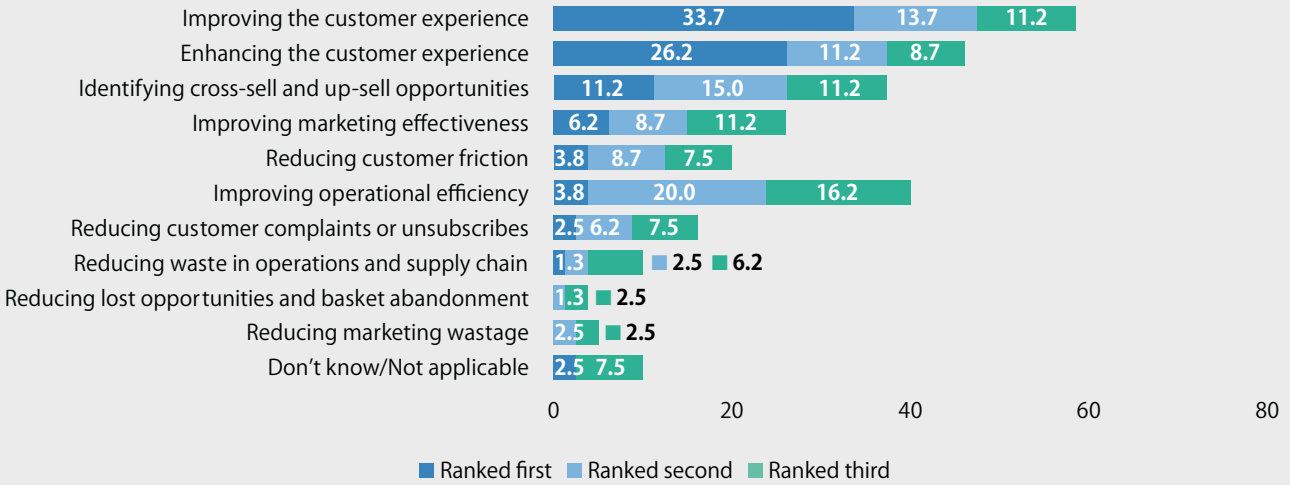
Investment plans to support the customer-first strategy



This clearly places extra demands on the data department which will see headcount increases in nearly two-thirds of organisations (63.7%) where overall headcount or data science numbers are being grown. It is notable that half of organisations (50.0%) plan to spend

Figure 1.6

Top three benefits expected from a customer-first strategy



more on customer insight teams, backed by more external data and customer research (51.2% and 43.8% respectively) - these will serve to identify those customer needs and expectations, as well as market opportunities, which the transformation can focus on.

Given the growing investment levels, organisations clearly expect to drive benefits. Naturally, these are chiefly aligned to the customer experience, either through improving how customers engage with the brand (ranked first by 33.7%) or by enhancing what that feels like for customers (ranked first by 26.2%). This is an area where customer data platforms and data science can particularly add value.

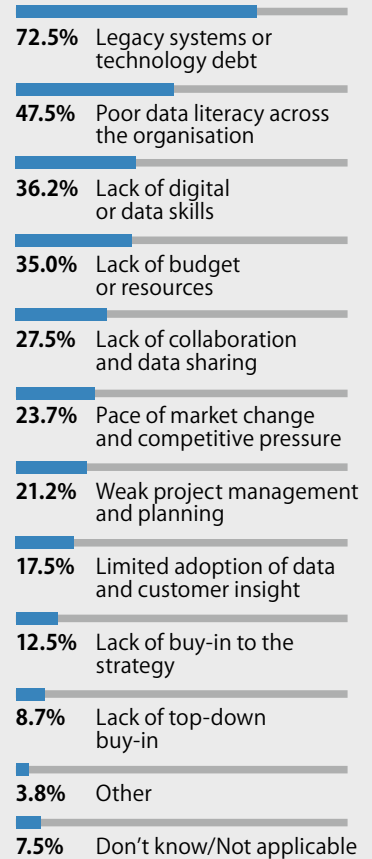
Where there is a gap is around achieving benefits for the organisation itself, such as through improved marketing effectiveness or operational efficiency. Customer-first should mean a better experience and clearly that is what is intended to emerge. But that doesn't have to preclude business benefits - it could be argued that the two are symbiotic.

The increased level of investment into technology as part of customer-first strategies is not without cause - legacy systems are the dominant challenge identified by three quarters (72.5%) of organisations. Replacing solutions that do not deliver the improved and enhanced customer experience is an obvious target for the transformation.

But there is also a recognition that skills are important in order to transform the culture of the business, with half (47.5%) noting that their organisation has poor data literacy and one third (36.2%) a lack of digital and data skills. Implementing new solutions may create the right architecture to operate customer-first, but this will not happen if the company lacks an understanding of how to use them to best effect.

Figure 1.7

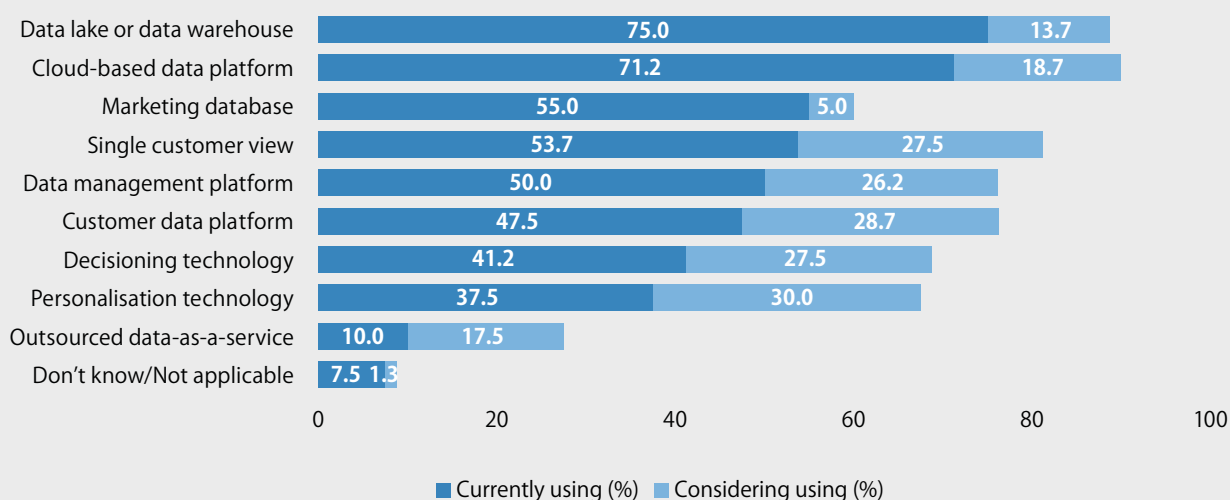
Challenges to realising the customer-first strategy



Section 2 - Building the customer-first organisation

Figure 2.1

Customer-first technologies in use



Although there is a significant focus on introducing a new tech stack to support the customer-first strategy, this does not mean organisations pursuing this transformation are starting completely from scratch. In fact, around three-quarters already have modern data solutions to work with, in the form of either a data lake (75.0%) or a cloud-based data platform (71.2%).

However, operational solutions lag behind with just under half already having a customer data platform (47.5%), while only four in ten have decisioning technology (41.2%) or personalisation technology (37.5%). This creates a gap between data management and customer management or marketing which could trip up strategic initiatives.

Similarly, the technology debt identified above can be seen in the continued use of marketing databases (55.0%) and single customer views (53.7%). Typically, these represent a previous era of customer-facing technology which may not be fit-for-purpose in the current environment.

Customer-first strategies require newly-designed processes in order to achieve their goals. Those processes in turn require an holistic view of the customer to perform optimally. That is why the highest level of importance is given to customer analytics and insight (4.85 out of 5) and customer experience management (4.65) as users of this new data asset.

A suite of decisioning and personalisation tools is also required to put the outputs from customer analytics and insight into operation - these form the second tier of integrated data users.

But there is a gap between this customer focus within operating systems and the use of integrated customer data within sales and advertising. These are rated more than one point behind analytics - a clear opportunity for better leverage and benefit delivery from integrated customer data.

Customer-first strategy requires a concentrated focus on every aspect of the customer journey and experience, supported by integrated customer data and technology platforms. There is another component that needs to be considered - digital data about the customer from outside of the corporate footprint. A majority of organisations (52.5%) are using a data lake to bring all data types together.

Beyond this group, the approach to end-to-end data integration is messier with clear gaps and challenges around combining digital and customer data. For those organisations maintaining separate customer data platforms, data management platforms and CRM systems, while these enable individual customer-first processes, failure to integrate the data from these sources centrally will not allow the customer experience to be improved and enhanced in the desired way.

Figure 2.2

Business processes dependent on integrated customer data

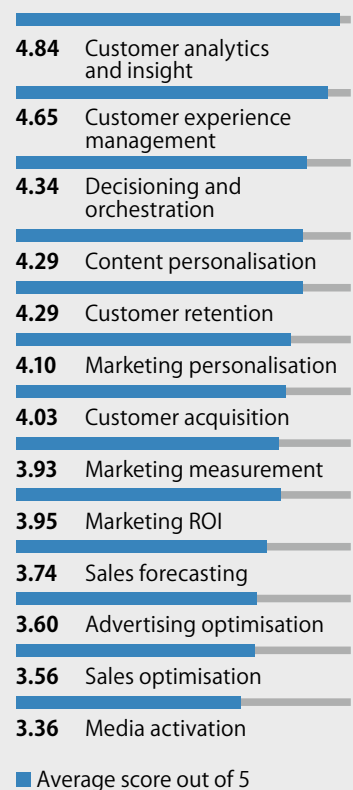
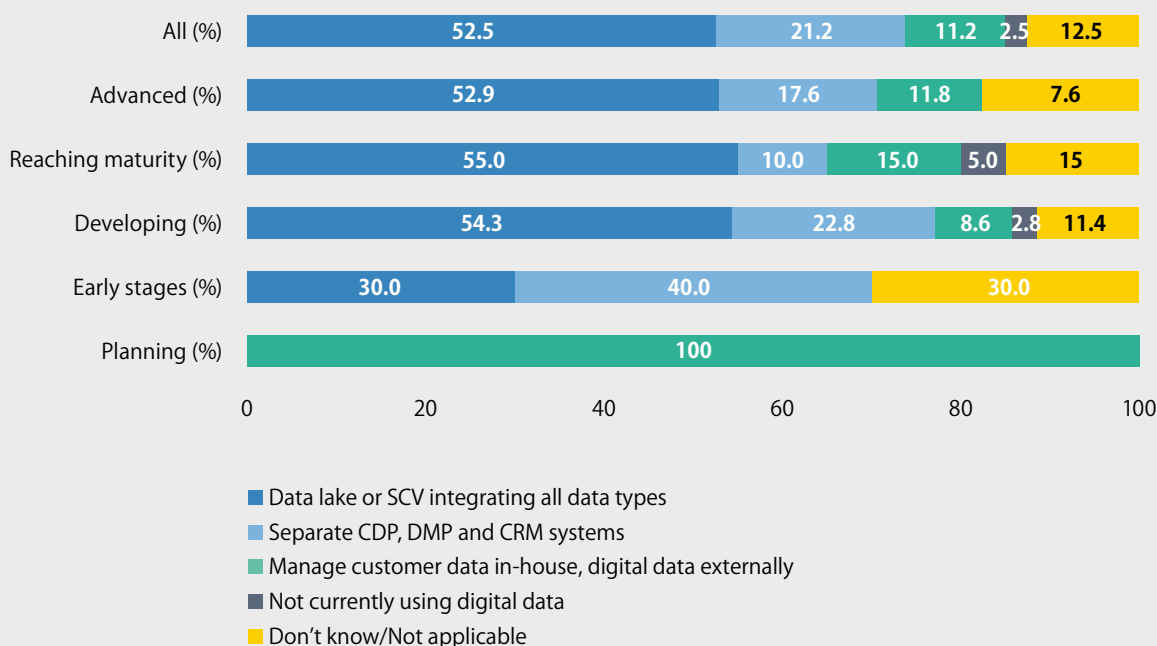


Figure 2.3

Integrating customer and digital data



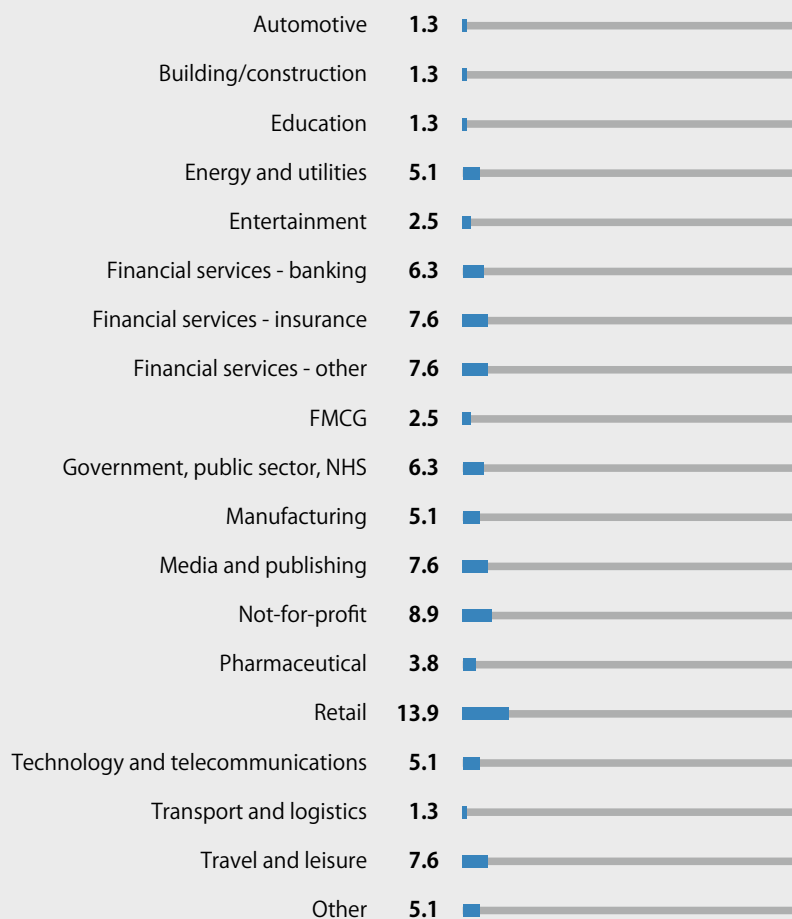
Sample profile and methodology

DataIQ curated a research panel directly from its community and made up of 100 end-user practitioners in data and analytics. Responses from this panel were generated via a self-completion online survey during February 2021.

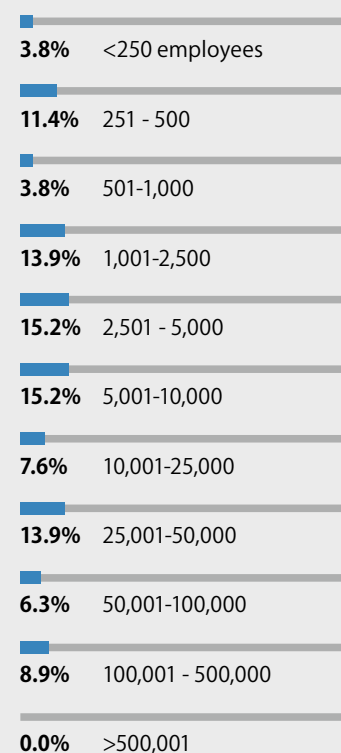
Seniority ranged from senior managers and heads of department through directors and chief officers up to global directors.

Functions represented across the sector included analytics, CRM, data, data services, data strategy, data quality, data science, decisioning, insight and predictive analytics.

Respondents by industry sector



Respondents by company size





About Acxiom

Acxiom is a customer intelligence company that provides data-driven solutions to enable the world's best marketers to better understand their customers to create better experiences and business growth.

A leader in customer data management, identity, and the ethical use of data for more than 50 years, Acxiom now helps thousands of clients and partners around the globe work together to create millions of better customer experiences, every day. Acxiom is a registered trademark of Acxiom LLC and is part of The Interpublic Group of Companies, Inc. (IPG).

For more information, visit www.acxiom.co.uk



About DataIQ

DataIQ is the first dedicated membership business for data and analytics leaders and their teams. Formed in 2011 we connect, educate, and support the fast-evolving data and analytics profession.

Our core purpose is to help our members build great businesses through driving value from the intelligent use of data, analytics, and getting the best from their people, technology, and data.

DataIQ delivers benefits for data leaders, their teams, and their organisations. Our members come from global, FTSE 100, large and mid-market organisations including Aviva, BBC, BT Group, GSK Consumer Health, HSBC, Sainsbury's, Sky, Three, Walgreens Boots Alliance and WarnerMedia.

More broadly, DataIQ focuses on raising the profile of the data, analytics and insight functions in organisations and championing a positive agenda for the industry.

Believing strongly that it's people that make the real difference, rather than data and technology, we have established the industry's two most high-profile recognition programmes – the DataIQ 100 and the DataIQ Awards.

The annual DataIQ 100 identifies the most influential people in data-driven businesses - making it into the list is a recognised honour. Meanwhile, the DataIQ Awards, often referred to as the "Oscars of data", showcase excellence in the industry. Winning a DataIQ Award is a real mark of distinction for any individual, team, or business.

To find out more about becoming a member, our recognition programmes or joining our wider community visit www.dataiq.co.uk