



Elevating the Customer Experience

A Winterberry Group Report | April 2018

Presented By



Sponsored By



Acknowledgements and Research Methodology

Acknowledgements

This report would not have been possible without the significant contributions of more than 450 brand marketers and marketing services executives—including contributors representing all segments of the advertising, marketing, media and technology industries. In particular, Winterberry Group is grateful to our research partner, the Data & Marketing Association, and project sponsor, Pitney Bowes.

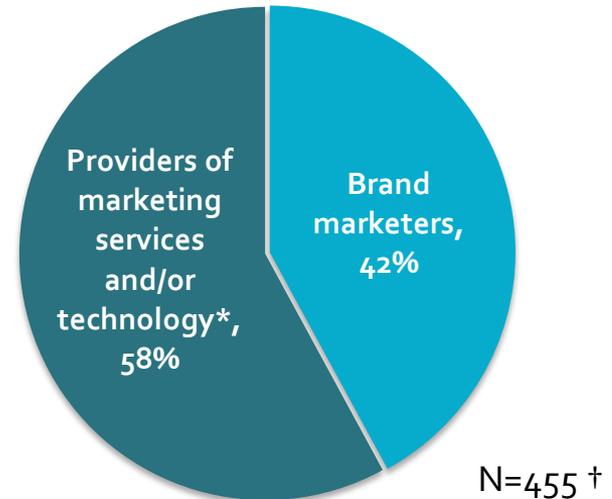
NOTICE

This report contains brief, selected information and analysis pertaining to the advertising, marketing and technology industries and has been prepared by Winterberry Group LLC in partnership with DMA. It does not purport to be all-inclusive or to contain all of the information that a prospective manager, investor or lender may require. Projections and opinions in this report have been prepared based on information provided by third parties. Neither Winterberry Group, DMA nor their respective sponsors make any representations or assurances that this information is complete or completely accurate, as it relies on self-reported data from industry leaders—including advertisers, marketing service providers and, technology developers. Nor shall any of the forgoing (or their respective officers or controlling persons) have any liability resulting from the use of the information contained herein or otherwise supplied.

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording or otherwise without the prior written permission of the copyright owner.

Methodology & Research Panel

The findings within this Report are based on the results of an online survey of more than 450 advertisers, marketers, publishers, technology developers and marketing service providers (primarily based in North America, and conducted in January 2018).



*Including agencies

†Base numbers may vary by question; respondents were not required to answer all questions

Foreword

One of today's biggest strategic initiatives among marketers is elevating personalization across a true omnichannel experience, one that combines physical and digital channels.

Optimizing the CX strategy was listed as the second most important mandate for marketers (behind accelerating revenue growth) in the Data & Marketing Association's [2018 Statistical Fact Book](#). However, only 15% of marketers believe their company is successful in delivering great customer experiences. The urgency, focus and concern on achieving an omnichannel experience have become critical to success. According to [Advertising Age](#), 80% of consumers are more likely to do business with a company if it offers a personalized experience. **You can't afford to be left behind.**

A significant impediment to improving customer experience through personalization is the complexity of proper cross-channel marketing. This is made even more complicated through ever-increasing customer device usage. **Consumers possess more than seven connected devices on average, and they use three or more daily. However, marketers typically see just one.** Just 18% of marketers are using device targeting in their personalization approach, according to DMA's Statistical Fact Book.

With this lack of customer visibility, compounded by a perceived lack of data, marketers now see that they currently do not have the required holistic view

to properly deliver personalized experiences that customers demand. **Alarming, 80% of customers have chosen to switch brands due to a poor customer experience.**



Now, marketers must deliver *personalized* experiences based on individual behaviors across multiple devices and through multiple channels. While marketers spent over \$20BB on third-party data this year, half was spent on data and the other half was spent to draw insight and make the data actionable.

The payoff is clear. Companies fully invested in personalization will outsell their competitors.

Today, the data goes beyond customer profiles and extends into journey mapping. Understanding **who the customer is, what their product preferences are and how they prefer to shop** will drive more targeted communications that reach the right customer on the right device, at their moment of need.

Neil O'Keefe
SVP, Marketing & Content
Data & Marketing Association

Matt Tredinnick
Director, Global Product Marketing
Customer Engagement Solutions
Pitney Bowes

Executive Summary: Brands Increasingly See Improving Customer Experience As a Key Business Priority—Requiring Critical Alignment of Content, Data and Infrastructure

Brands have always understood the importance of delivering to their customers rich, compelling experiences across both promotional and transactional touchpoints. **But “customer experience” as a practice is taking on new meaning** as consumers grow more discerning in their expectations and the task of aligning disparate media grows more complex.

The good news: both marketers and their service providers are increasingly focused on elevating customer experience as an initiative that transcends the marketing function. Among other conclusions, our survey of over 450 industry practitioners found:



Improving customer experience is a paramount business priority for both brands and the supply chain that supports them; virtually all panelists (95.6%) said **enhancing customer experiences is an area of focus for their organization**, with 57% calling it a “top business priority”



Marketers must rely on many ingredients in activating powerful customer experiences. But the most critical of these underpinnings, panelists said, include elements that are both clear to the consumer and typically hidden from view. Specifically, these include **data and audience management, personalization and versioning, content and campaign management**



Why are marketers so focused on customer experience? Many say that **delivering best-in-class experiences ultimately supports a range of key business objectives**, among them: meeting customer expectations for better or more personalized experiences (cited by 70.8% of panelists), improving customer loyalty (60.5%), executing omnichannel strategies (57.4%) and improving conversion rates (50.1%)



Perhaps surprisingly, panelists said that **no single obstacle commonly undermines their efforts to deliver better customer experiences**. Nevertheless, a number of challenges are common—including lack of sufficient data (cited by 39.6% of panelists), siloed organizational structures (38.3%) and lack of measurement and analytics tools (32.8%)

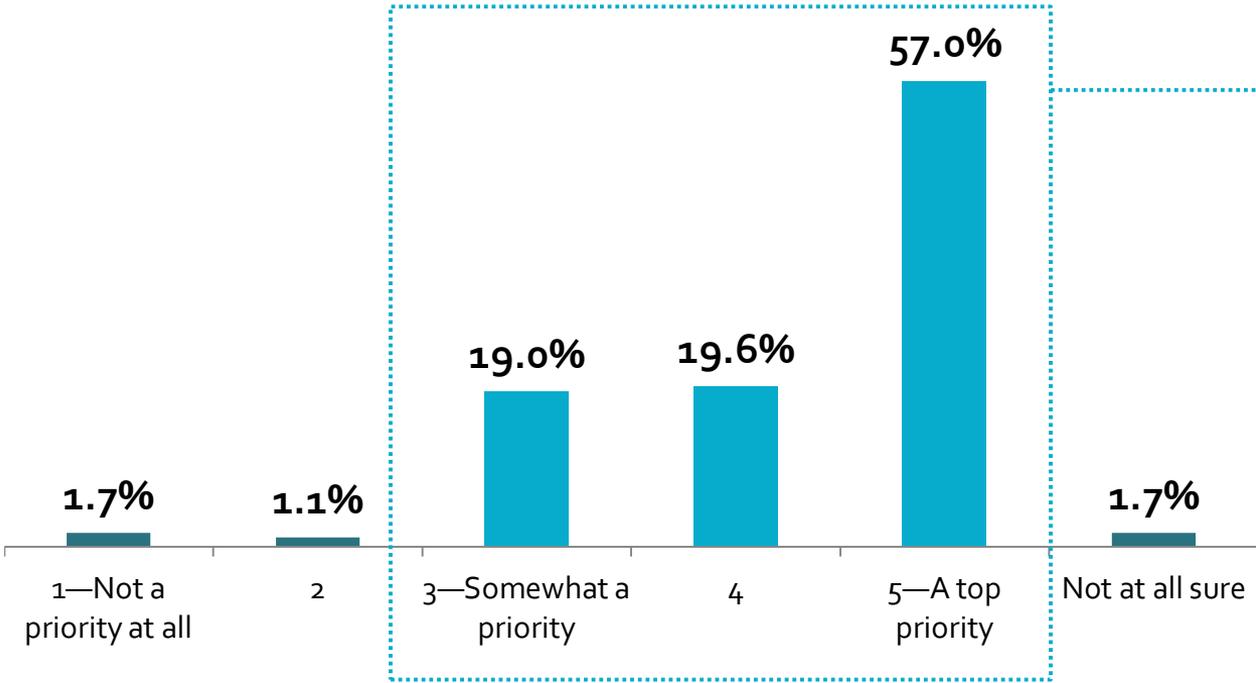


Why Customer Experience?



Virtually All Marketers Agree: Elevating Customer Experience Is a Top Priority

To what extent has your organization prioritized “elevating the customer experience” as a key business priority?

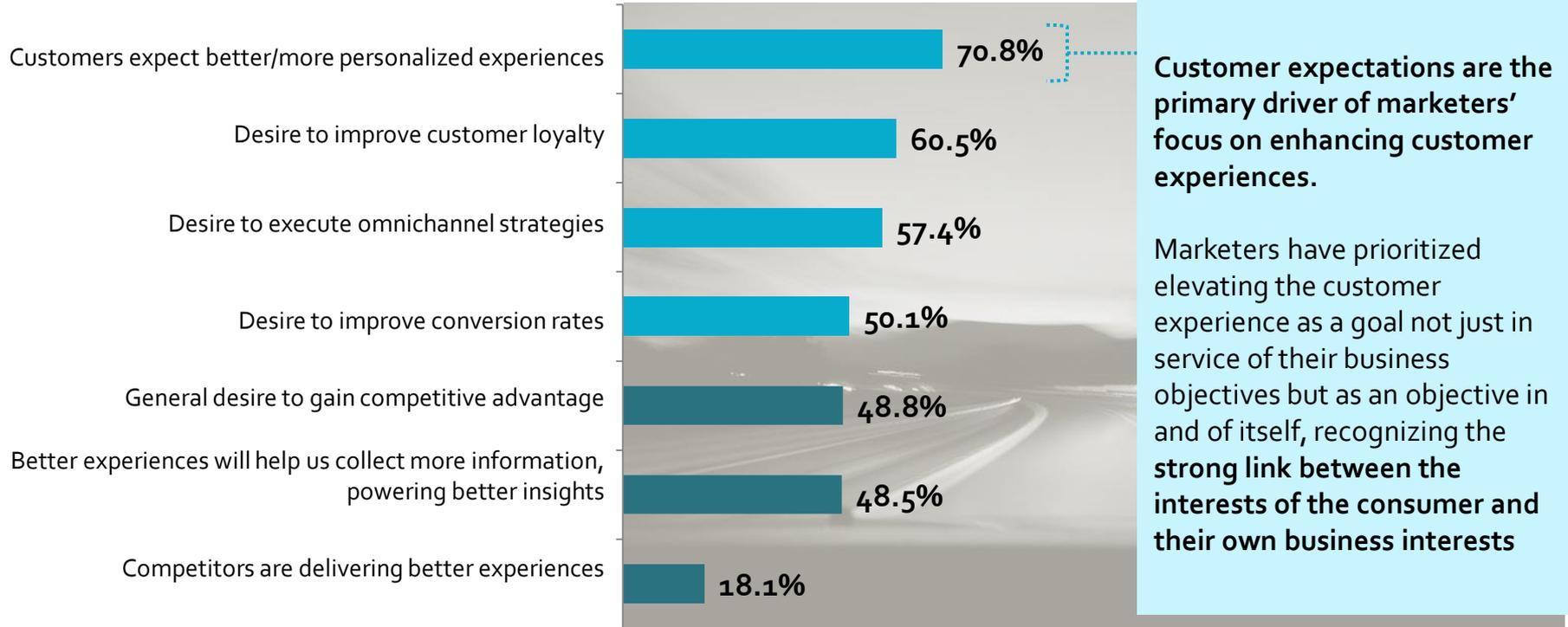


For most businesses, elevating the customer experience has grown to represent a “must-have” priority among various business considerations; **95.6% of panelists said that doing so represents at least “somewhat a priority,”** with a **57% calling it a “top priority”**



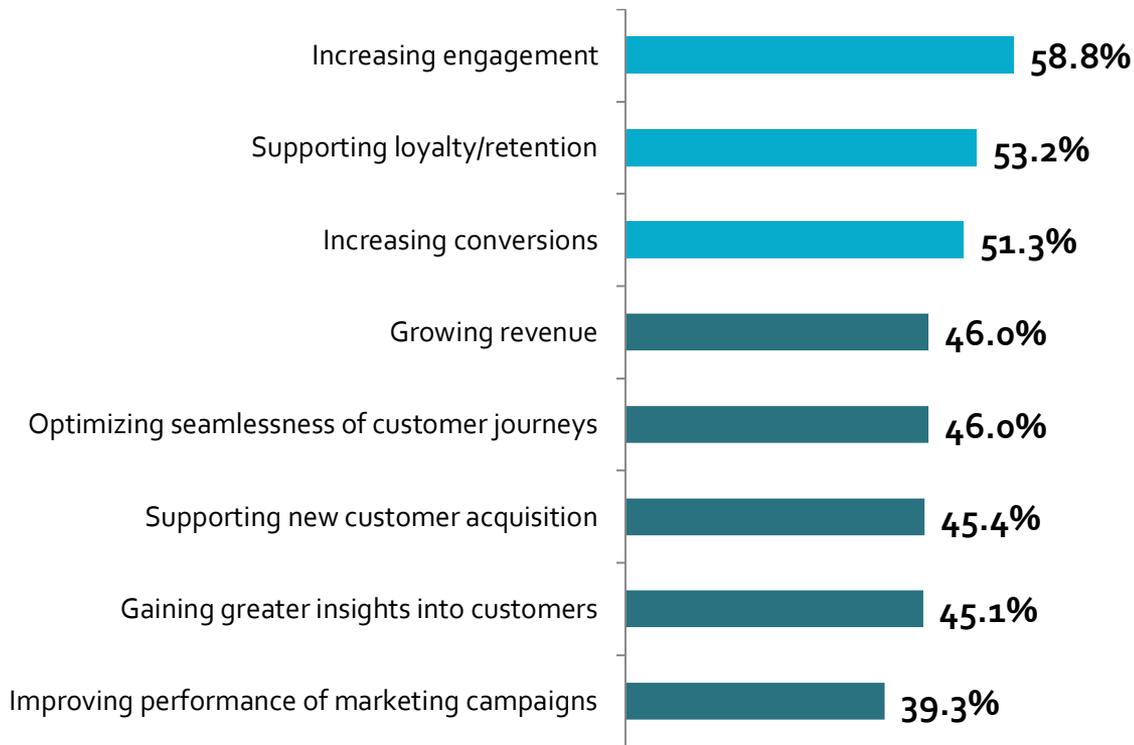
What's Driving Organizations to Prioritize Better Experiences? Above All, The Heightened Expectations of Their Customers

What factors are driving your organization's efforts with respect to customer experience?



Practitioners Are Leveraging Richer Customer Experience to Drive Deeper Brand Interactions, Fueling Conversions and Customer Lifetime Value

What business objectives does your organization primarily aim to accomplish through enhancement of the customer experience?



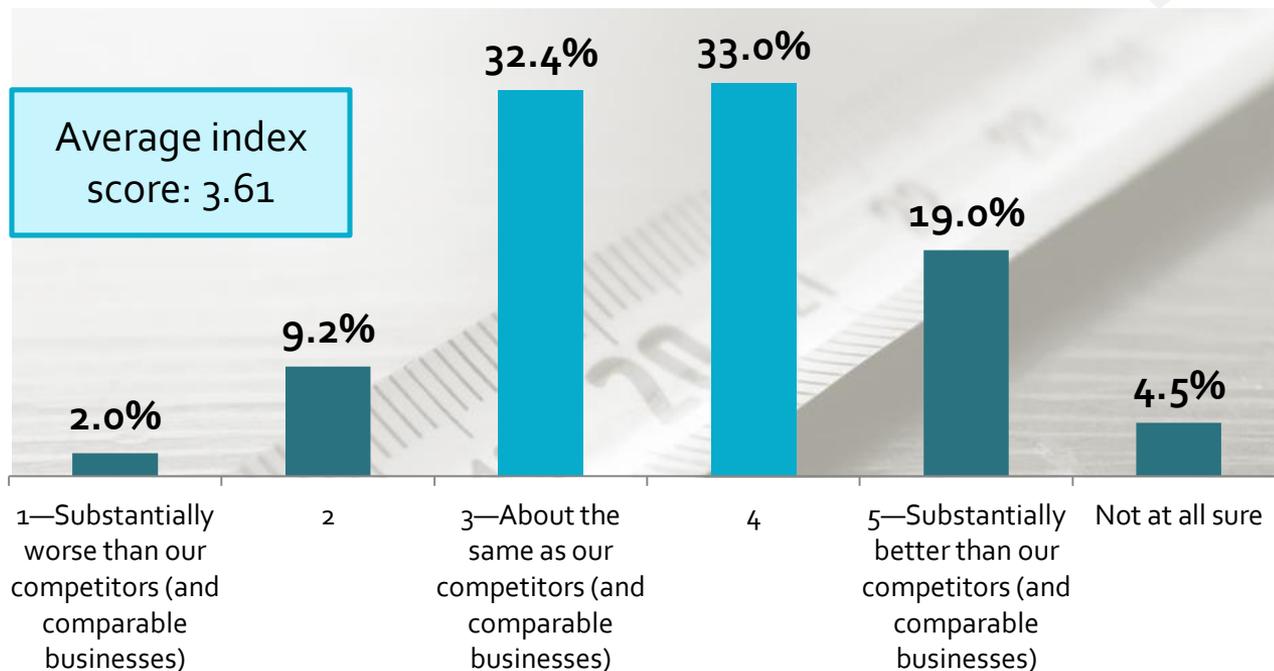
The enhancement of customer experience serves a myriad of business objectives—both strategic and tactical in nature



Practitioners Benchmark Their Customer Experience Capabilities as Slightly “Above Average” (Though Suggest They Have Ample Room to Improve)

How would you benchmark your organization’s customer experience relative to its peers?

On the whole, panelists gave themselves fairly good marks when it came to benchmarking their performance vis-à-vis competitive customer experiences—though **only 19% said they deliver “substantially” better experiences than others, suggesting a significant opportunity to improve**





Building Blocks of Customer Experience



What Are the Key Components of a Customer Experience Strategy?



When it comes to customer experience...

... marketers say they are increasingly focused on building and optimizing rich, unified “experiences” for customers and prospects across both promotional and transactional touchpoints at every step of the customer journey.

More than simply requiring better content or more precise personalization rules, **that approach hinges on four critical elements:**

Content

The messaging, creative design and user interface delivered at the point of customer need

Personalization

The customization and versioning of marketing content based on audience data and business rules—providing an optimized user experience

Audience Management

The maintenance of a holistic view of customers across channels, through audience recognition and profile reconciliation

Campaign Management

Planning and execution of marketing communications orchestrated to reach customers when and where they engage with brands



Audience Management, Content and Optimized Execution are the Key Components to Delivering Best in Class Customer Experiences

Which components are most critical, in your mind, to delivering a best-in-class customer experience?*



The keys to delivering best-in-class customer experience: **multiple components focused on**

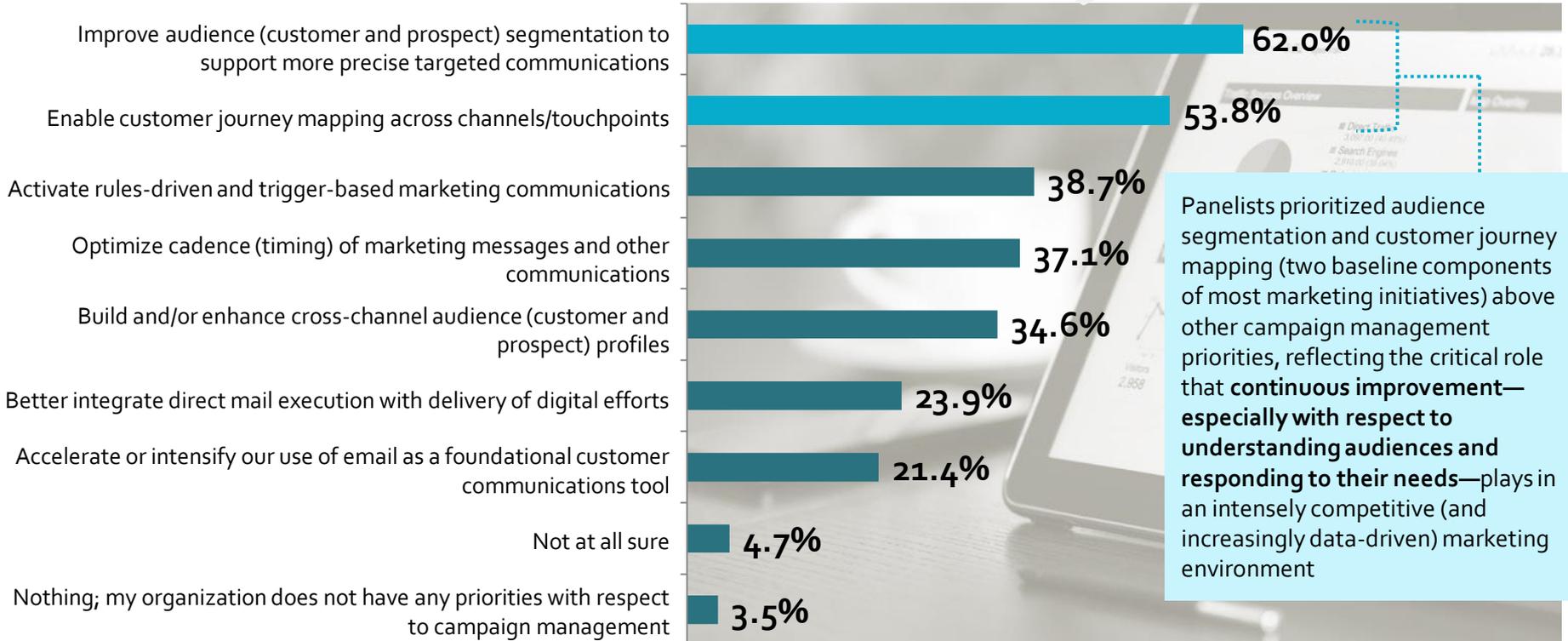
- **Developing a holistic view of customer;** and
- **Building and delivering content based on each user's individual and unique interests and needs**

**Note: Survey participants were asked to rank each option on a scale of 1-to-7. The index scores presented here are weighted average scores that reflect the overall importance of each component to panelists—higher index scores denoting more importance.*



Campaign Management: Audience Segmentation and Journey Mapping Considered Most Critical to Aligning Campaign Goals With Known Customer Attributes

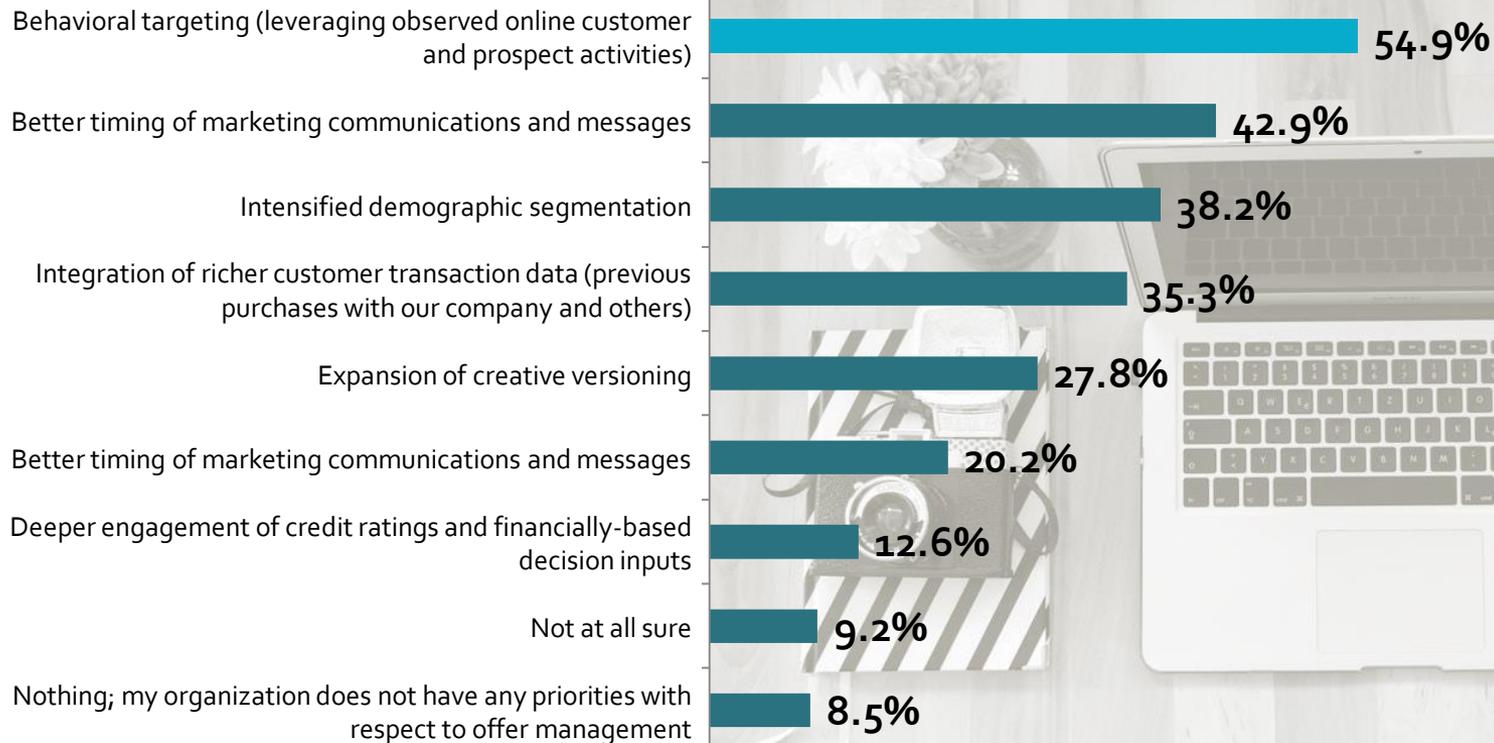
What are your organization's top priorities with respect to campaign management?





Audience/Offer Management: Leveraging Observed Online Behaviors for Targeting is Top Priority

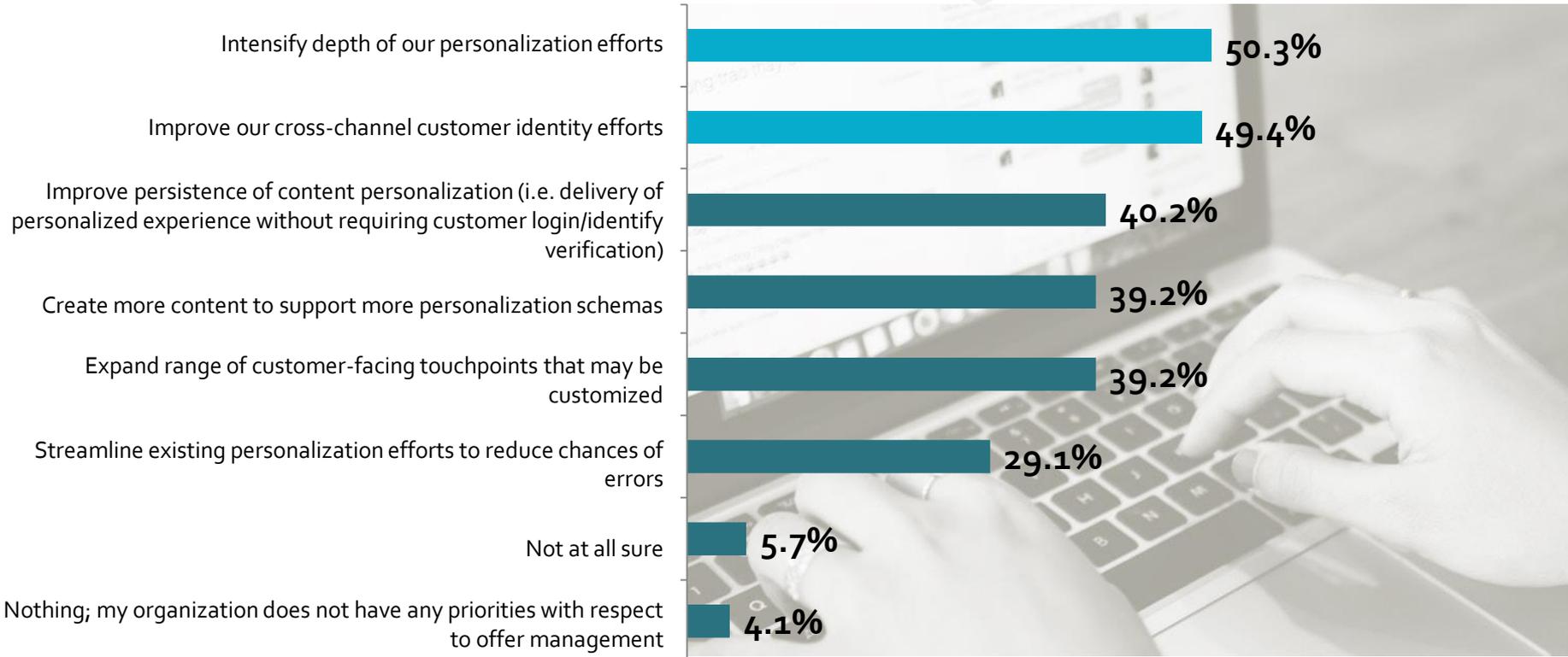
What are your organization's top priorities with respect to offer management?





Personalization: Marketers are Focusing on Intensifying Personalization Initiatives, Particularly Through Cross-Channel Recognition

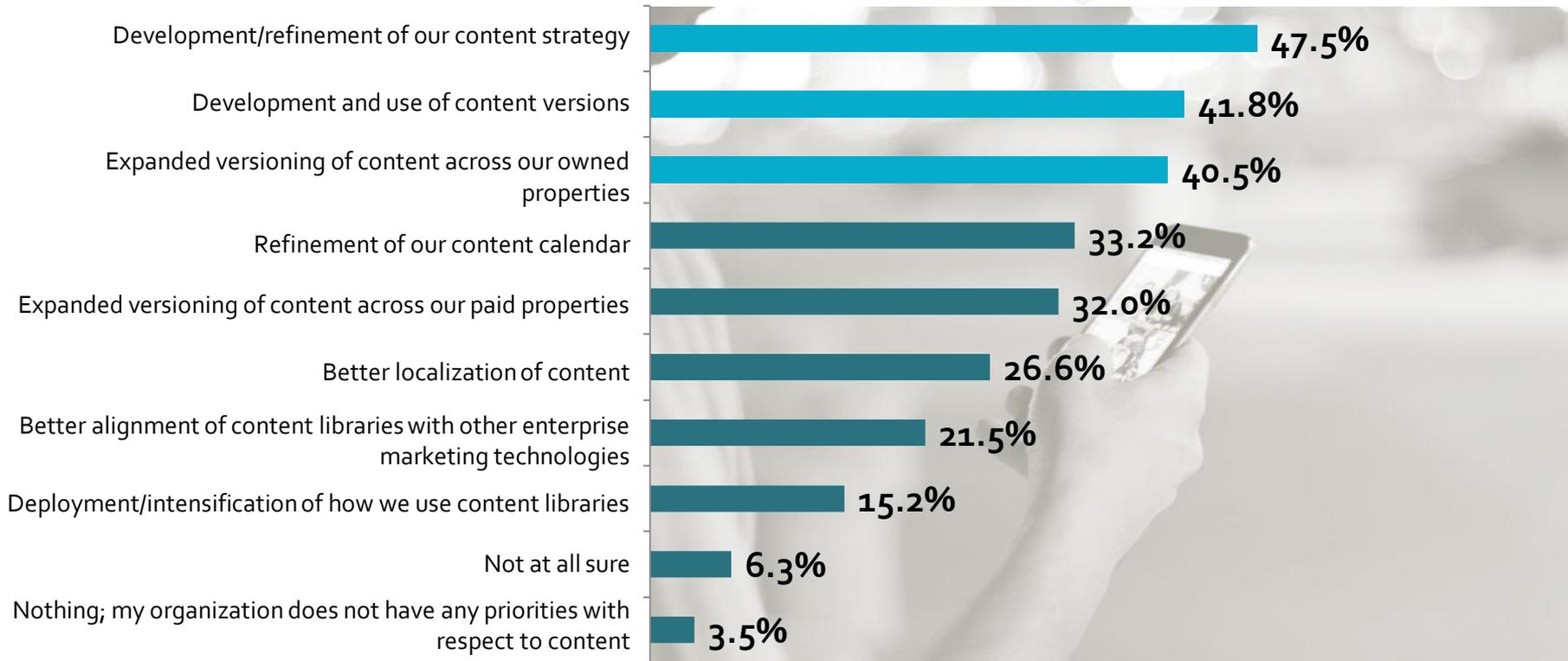
What are your organization's top priorities with respect to personalization?





Content: Panelists Most in Need of Enhancements to Their Content Strategies; Many Also Cite More Versioning and Better Use of Content on Their Owned Media

What are your organization's top priorities with respect to content?



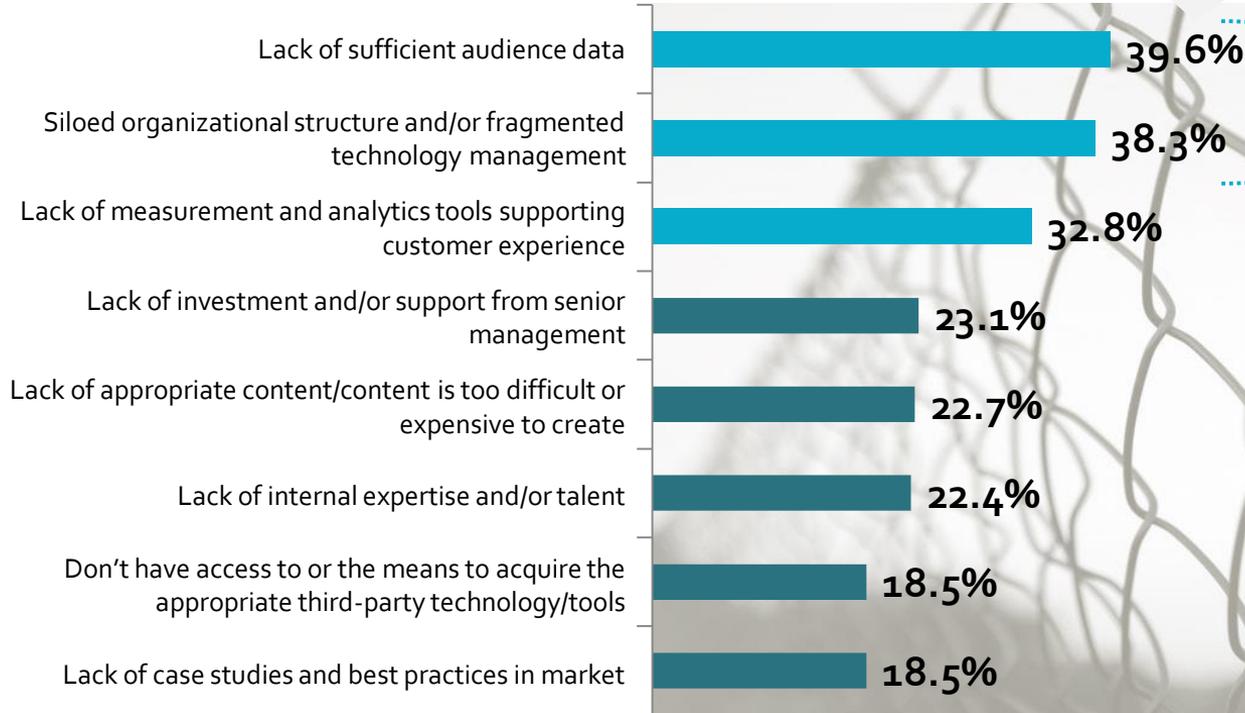


The Customer Experience Roadmap



Marketers Confront a Myriad of Challenges in Developing and Managing Customer Experience Strategies—But No Single Obstacle Vexes All

Overall, what are the most significant challenges your organization is facing with respect to achieving its goals of enhancing customer experience?

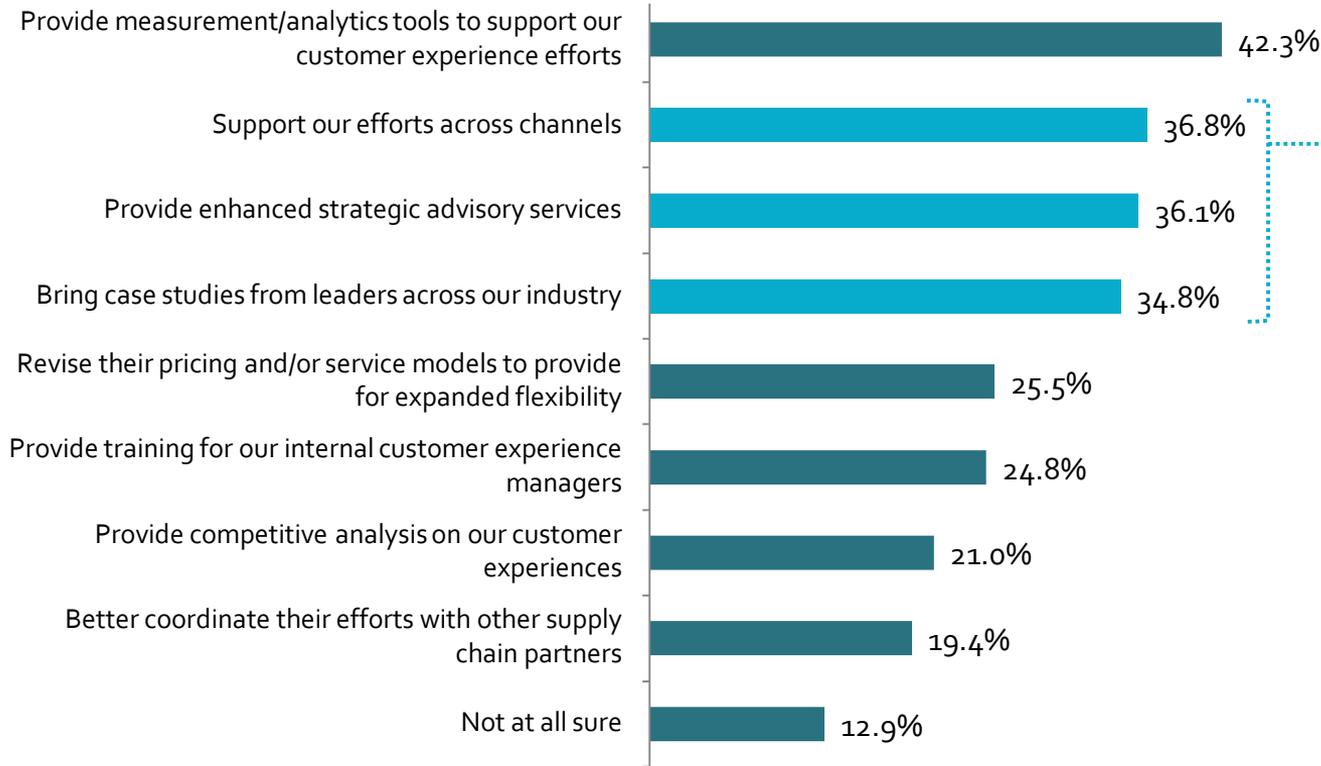


Practitioners are most inhibited by a lack of information and/or organizational structures that keep assets and tools separated, both of which limit the ability to develop optimal audience insights for use in crafting enhanced engagements



Practitioners Look to Their Partners for Strategic Support, Including Help in Navigating Internal Process Barriers and Learning Best Practices

In what ways can these third-party partners further support your customer experience initiatives?



Beyond introducing more impactful technologies, marketing practitioners say their service provider partners can **add the most value by supporting cross-channel efforts**, which can require revising operational processes and working across silos, as well as **introducing best practices and strategies learned from other market leaders**

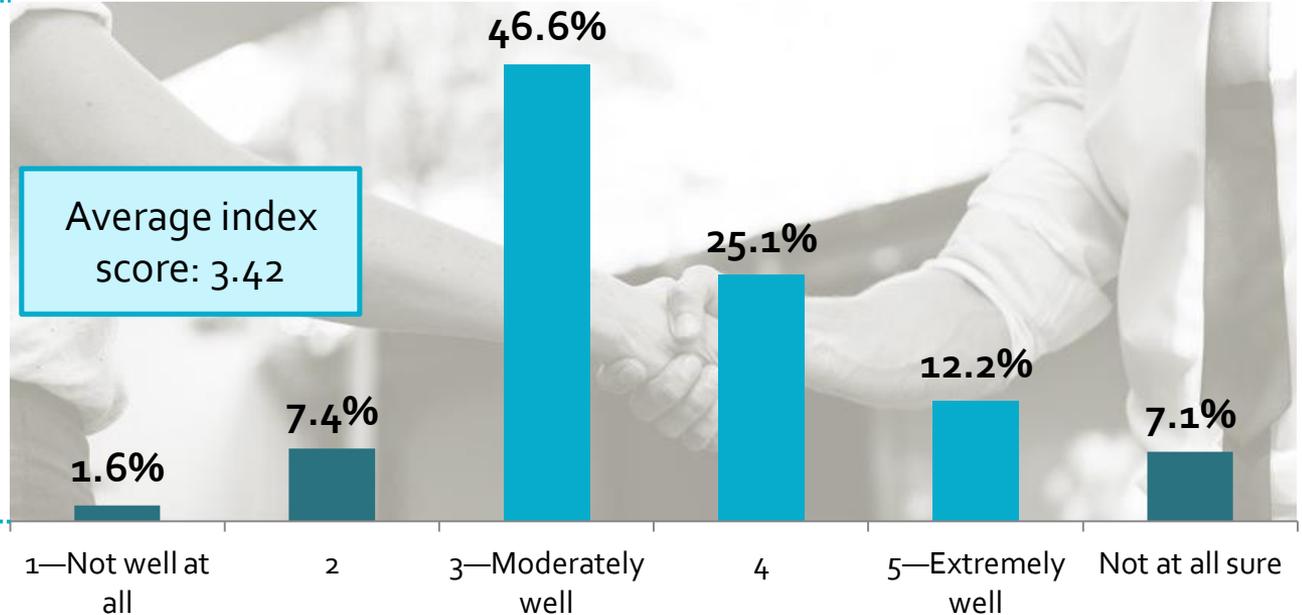


Though Panelists Are Relatively Satisfied with the Support Third Parties are Providing, There is Always Room to Add More Value, Potentially Via Insight Development

How well would you say your third-party partners and service providers (including agencies, technology providers and marketing service providers) are supporting your organization's efforts to enhance the customer experience?

How can marketers' third-party partners drive additional value for the organizations they serve?

Help marketers address the challenges they still face by **supporting analytics and insight development** efforts, as well as **helping organizations harness and leverage the data** they have available





How Can Marketers Take Steps to Elevate Their Customer Experiences? Start by Ensuring the Key Components Are in Place

As media proliferate and consumers grow more sophisticated with respect to both content and technology, **the challenge of elevating the customer experience will only continue to grow in importance—as well as complexity.**

Nevertheless, **savvy marketers should see the “customer experience challenge” as one presenting substantially more opportunities than obstacles.** After all, the building blocks of ideal experience strategies—spanning content, personalization, audience management and campaign management—all represent disciplines that are core to the marketing function, thus positioning the *marketer* as the natural conduit for administering these strategies in a coordinated way.

Every organization will approach that task in their own way. But the first step down the customer experience roadmap **requires organizations to answer fundamental questions about what they want to accomplish—and what resources they have to leverage in the effort:**



- ✓ Do we have access to the right **audience data** to personalize interactions and optimize customer experience?
- ✓ Is our **organizational structure** set up to facilitate the exchange of audience data, content and business rules between and within marketing, ecommerce, IT and other departments?
- ✓ Do we have the **tools** to derive insights and effectively and dynamically engage customers when and where they interact with our brand, delivering relevant and personalized customer experiences?
- ✓ Do we have the right **partnerships** in place with agencies, technology providers and marketing service providers that will give us not only the tools we need but the strategic guidance to leverage them in enhancing customer experience?
- ✓ What does our vision for the **future of customer experience look like**, and **are we positioned** to act on likely evolutions and innovations?

About Data & Marketing Association



Founded in 1917, and driving the data and marketing agenda for a full century, the **Data & Marketing Association (DMA)** champions deeper consumer engagement and business value through the innovative and responsible use of data-driven marketing. DMA's brand-leading membership is made up of over 1,400 organizations that are today's innovative tech and data firms, marketers, agencies, service providers and media companies. By representing the entire marketing ecosystem—demand side and supply side—and engaging more than 100,000 industry professionals annually, DMA is uniquely positioned to convene and guide the industry to bring win/win solutions to the market, and ensure that innovative and disruptive marketing technology and techniques can be quickly applied for ROI.

DMA advances the data-driven marketing industry and serves its members through four principal pillars of leadership: advocating for marketers' ability to responsibly gather and refine detailed data to identify and fulfill customer needs and interests; innovating to bring solutions forward to the data & marketing ecosystem's most vexing challenges; educating today's members of the data & marketing ecosystem to grow and lead marketing organizations in the ever-increasing omnichannel world; and connecting industry participants to stay current, learn best practices and gain access to emerging solutions through &THEN – the largest global event for data-driven marketing – and DMA's portfolio of other live events.

For more information, please visit theDMA.org

WHY DMA?

Because we align the collective knowledge, talents, practices and tools from over 1,400 member brands and 100,000 participants to create solutions across the industry. Nobody else is doing that.

Nobody.

SEE. SHARE. SUCCEED. JOIN.





Pitney Bowes (NYSE:PBI) is a global technology company powering billions of transactions – physical and digital – in the connected and borderless world of commerce. Clients around the world, including 90 percent of the Fortune 500, rely on products, solutions, services and data from Pitney Bowes in the areas of customer information management, location intelligence, customer engagement, shipping, mailing, and global ecommerce. And with the innovative Pitney Bowes Commerce Cloud, clients can access the broad range of Pitney Bowes solutions, analytics, and APIs to drive commerce.

For additional information visit Pitney Bowes, the Craftsmen of Commerce, at www.pitneybowes.com.

About Winterberry Group



Winterberry Group is a unique management consultancy that supports the growth of advertising, marketing, media, information and technology organizations—helping clients create custom strategies, capitalize on emerging opportunities and grow their value. Our services include:

CORPORATE STRATEGY

- Business Assessment
- Strategic Development
- M&A Target Identification and Qualification

DATA-DRIVEN MARKETING TRANSFORMATION

- Data Activation Strategy
- Marketing Process and Platform Architecture, Design and RFP Management
- Marketing Org. Process Engineering

M&A TRANSACTION SUPPORT

- Market Landscaping
- Target Company Assessment/ Customer Due Diligence
- Strategic Roadmapping

MARKET INTELLIGENCE

- Custom Research
- Thought Leadership

Additionally, Winterberry Group is differentiated through its affiliation with Petsky Prunier LLC, the leading investment bank serving the technology, media, marketing, e-commerce and healthcare industries. Together, the two firms provide one of the largest and most experienced sources of strategic and transactional services in their addressable markets.

For more information, please visit www.winterberrygroup.com