

THE ROI OF OPERATIONALIZING DATA TO BOOST CUSTOMER SUCCESS RESULTS

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This report will provide an overview of the business impact observed by companies that use an integrated view of customer and operational insights to address changing needs of buyers across all stages of the customer lifecycle.

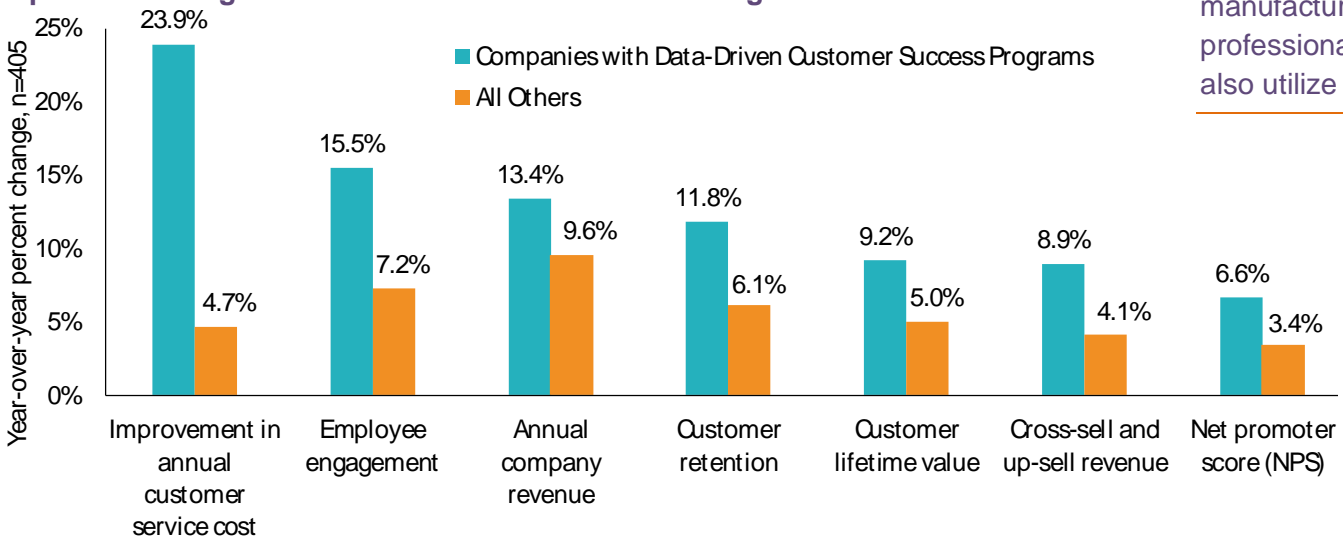
The Business Value of Operationalizing Customer Data

Between January and February 2020, Aberdeen surveyed 405 businesses from around the world and across companies of all sizes and industries regarding the key trends and objectives driving their customer experience (CX) programs. To gauge the impact of COVID-19, in May 2020, Aberdeen conducted another survey with 1,719 participants. When asked about the number one goal driving their CX programs, CX leaders participating in both studies cited improving customer retention rates as their top objective. The CX survey has revealed that 31% of organizations currently use a customer success management (CSM – see sidebar) program to achieve their CX goals, including improving customer retention rates.

At its heart, CSM programs are designed for firms to manage primarily post-sale interactions, starting with customer onboarding to retention and loyalty. These programs span all customer interaction channels — and beyond retaining current clientele, they also aim to boost recurring spend and client referrals.

Customer and operational insights are key ingredients CX leaders need to build and manage truly data-driven CSM programs, as they allow firms to tailor how they manage each customer journey using the insights related to that client. Firms using such a data-driven customer success program outpace those that don't in year-over-year (YoY) improvement of several key performance indicators (KPIs) — Figure 1.

Figure 1: Reduce Costs, Grow Revenue & Create Happier Customers by Operationalizing Data in Your Customer Success Program



Source: Aberdeen, May 2020

Definition: Data-Driven Customer Success

For the purposes of this research, Aberdeen defines data-driven customer success programs as using a formalized, company-wide customer success program that's fueled by a holistic view of customer and operational insights used to meet and exceed the changing needs of buyers across all stages of the customer lifecycle.

While CSM programs have initially been adopted more widely by high-tech and media organizations, firms in industries such as financial services, telecommunications, manufacturing, and professional services now also utilize these programs.

Figure 1 shows that firms with a data-driven CSM program enjoy 93% greater annual improvement in customer retention rates (11.8% vs. 6.1%). It also shows that they observe 94% greater annual improvement in net promoter score (NPS) — a measure used to gauge customer satisfaction (6.6% vs. 3.4%). In general, customers retain their relationship with a business when they are satisfied with their experience interacting with that business. These two metrics reveal that **data-driven CSM programs help firms create happy customers who, in turn, reward businesses with their loyalty.**

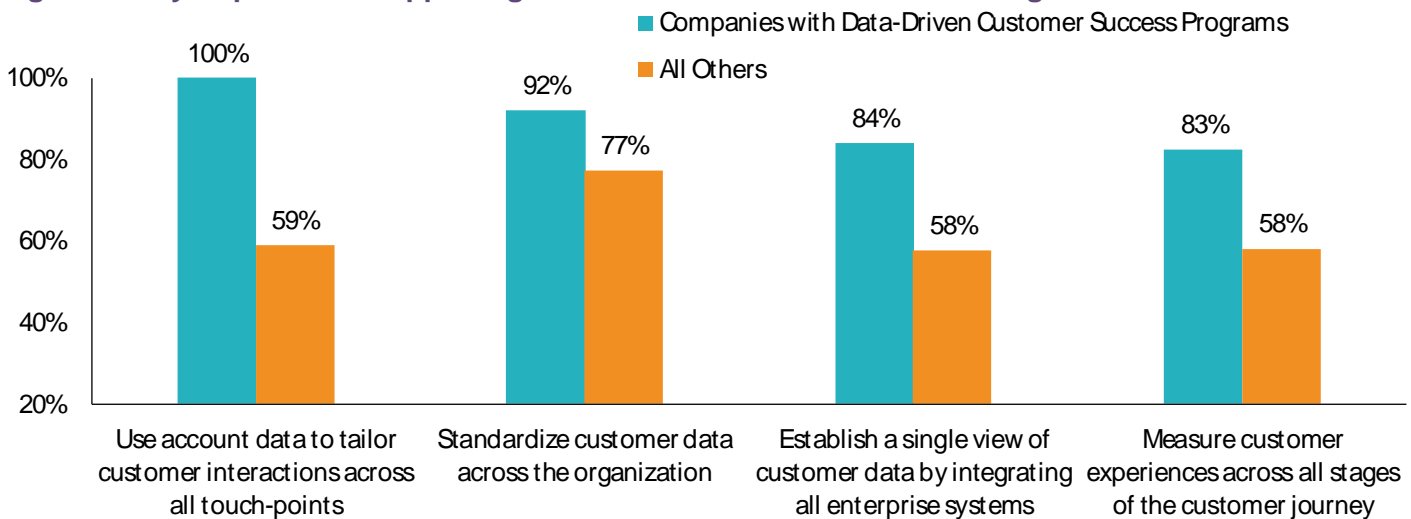
The findings show that data-driven CX leaders not only retain their clientele, but increase their spend over time. This is reflected through the 84% greater annual growth in customer lifetime value observed by these firms (9.2% vs. 5.0%). Customer lifetime value refers to the total spend of a client with a business through the course of their relationship with that business. As such, improving this metric requires firms to retain their clients and simultaneously grow their spend. The success of firms with a data-driven CSM program proves that effective use of data ultimately helps CX leaders better monetize their successful customer relationships.

The financial KPIs depicted in Figure 1 shed more light on the financial benefits of a data-driven customer success program. Data shows that firms with this capability improve (decrease) service costs by 5.1x more year-over-year, compared to those without it (23.9% vs. 4.7%). Such gains in cost decrease are accomplished by establishing a single view of customer and operational insights across all enterprise systems such as CRM, ERP, e-commerce, billing, and marketing automation, which allow firms to hyper-personalize their customer interactions across the entire client lifecycle.

Figure 2 validates the above assertion: Firms with a data-driven CSM program are indeed 45% more likely to establish a single view of customer and operational insights (84% vs. 58%). It also proves that these firms universally adopt hyper-personalization as part of their activities, whereas only 59% of their peers currently use account data to tailor customer interactions.

Firms with a data-driven customer success program enjoy 94% greater annual increase in customer satisfaction rates.

Figure 2: Key Capabilities Supporting Data-Driven Customer Success Programs



Percent of respondents, n=405
Source: Aberdeen, May 2020

Another financial benefit of data-driven CSM programs (depicted earlier in this report) is that they enjoy 40% greater year-over-year growth in their annual revenue (13.4% vs. 9.6%). Such growth in revenue is accomplished through hyper-personalizing interactions across each stage of the customer lifecycle, which maximizes the likelihood that clients renew their spend with the business and share their positive experiences with their friends, family, and colleagues. This, in turn, leads to added revenue through referrals. Happy customers may also buy other products / services over time, which is one of the reasons why firms with data-driven CSM programs observe 2.2x greater annual increase in cross-sell / up-sell revenue (8.9% vs. 4.1%).

While having a unified view of the customer and operational insights is critical for CX leaders to build a truly data-driven CSM program, the success of these programs ultimately hinge on firms' ability to 'operationalize' those insights. This refers to acting on the unified view of customer insights available across various enterprise systems, as this allows firms to maximize their ability to achieve the performance results observed earlier.

To operationalize customer insights, firms must use data in combination with analytics to reveal the inflection points across the customer journeys and determine the root-causes driving those events. For example, using analytics to observe customer data to analyze the journey insights of lost clientele, firms can determine why clients using a specific product are likely to stop doing business. This reveals the root-causes of customer churn for that product and allows firms to address these factors to minimize churn risk. Figure 2 reveals that firms with a data-driven CSM program are 43% more likely to have this capability place (83% vs. 58%).

Key Takeaways

CX leaders today are data-rich. However, despite the abundance of data available, many struggle achieving their goals such as retaining their clientele, growing their spend, etc. In fact, data shows that 78% of CX leaders struggle using data to do their jobs. The good news is that despite these challenges, there is a group of organizations that excel in improving their performance across metrics such as customer satisfaction, customer retention, and company revenue. These firms differentiate themselves from their peers by establishing and managing a truly data-driven CSM program.

What makes firms with a data-driven CSM program different than their counterparts? For one, these firms alleviate the problems caused by fragmented customer and operational data. Aberdeen's February 2020 CX study revealed that 50% of companies use at least 10 channels (e.g., email, web, social media, phone, video, text messaging) to interact with their clients. Companies use multiple systems to capture data across those channels. These systems are often poorly integrated or not integrated at all. Furthermore, CX leaders also often don't have the systems used in sales, marketing, service, and commerce activities integrated with back-office systems such as billing. This, in turn, results in a disconnect between the customer and operational insights so CX leaders can't determine if customers are cancelling their service because of recurring erroneous billing or because of inefficiencies in sales, marketing, service, or commerce activities.

Firms with data-driven customer success programs have seamless integration across all enterprise systems to ensure their views into customer journeys are accurate and timely.

But to benefit from such visibility, firms must focus on operationalizing these insights. Specifically, they must use connected customer insights to hyper-personalize client interactions across all channels and business departments.

Data-driven CSM users overcome these challenges by seamlessly integrating customer and operational insights, and then focus on operationalizing them. The latter is equally as important as building a unified view of relevant insights because without acting on relevant data, CX leaders can't accomplish their goals. The unified insights CX leaders have are only beneficial when they're used to drive interactions across all stages of the customer lifecycle. Savvy CX leaders recognize the importance of operationalizing their data — they differentiate from their peers by using the unified insights available to them to hyper-personalize their customer interactions.

If you don't yet have a customer success program, we highly recommend you consider building one using connected customer insights to fuel hyper-personalized interactions with your clientele. This will help you maximize your ability to retain your clients while reducing the cost to serve them and growing your revenue. If you currently have a customer success program but you struggle achieving desired results in customer retention and other KPIs, adopting a data-driven approach such as the one outlined in this report will help you transform your CSM program to one that's closely aligned with that of Best-in-Class CX leaders.

About Aberdeen

Since 1988, Aberdeen has published research that helps businesses worldwide to improve their performance. Our analysts derive fact-based, vendor-neutral insights from a proprietary analytical framework, which identifies Best-in-Class organizations from primary research conducted with industry practitioners. The resulting research content is used by hundreds of thousands of business professionals to drive smarter decision-making and improve business strategies. Aberdeen is headquartered in Waltham, Massachusetts, USA.

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