

# Customer Journey Analytics 101:

THE ESSENTIAL GUIDE FOR MARKETING AND CUSTOMER EXPERIENCE



# Table Of Contents



INTRODUCTION	3
THE CUSTOMER JOURNEY APPROACH	4
WHAT IS CUSTOMER JOURNEY ANALYTICS?	7
WHY TRADITIONAL MARKETING ANALYTICS TOOLS AREN'T ENOUGH	12
HOW DOES CUSTOMER JOURNEY ANALYTICS DIFFER FROM JOURNEY MAPPING?	23
BUSINESS BENEFITS OF CUSTOMER JOURNEY ANALYTICS	35
CUSTOMER JOURNEY ANALYTICS USE CASES	49
CONCLUSION	56



# Introduction

Today's customer not only determines where and how they buy, but is always one click away from abandoning their journey if their experience isn't up to their expectations. They expect businesses to provide relevant, personalized experiences driven by their current preferences and recent interactions.

Marketers, customer experience and customer insights professionals need to quickly discover the most important journeys your customers are undertaking in real-time and across channels as they interact with your company.

This eBook will describe in detail what customer journey analytics is, how it will positively impact your business, the ways in which leading companies are adopting it and how you can use it to easily discover the best opportunities to improve marketing and customer experience results.

# The Customer Journey Approach



# Companies have traditionally looked to improve marketing and customer experience results by focusing on particular touch points.

But it's only when you look at a customer journey in its entirety across channels and over time, that real pain points—and therefore opportunities for positive impact—arise.



Journeys are significantly more strongly correlated with overall outcomes than are touchpoints.

r<sup>2</sup> values<sup>1</sup>

■ Touchpoints ■ Journeys



## Monitoring Individual Touchpoints Isn't Enough

A recent McKinsey study found that “performance on journeys is substantially more strongly correlated with customer satisfaction than performance on touchpoints—and performance on journeys is significantly more strongly correlated with business outcomes such as revenue, churn, and repeat purchase.”

The customer journey is the entire end-to-end experience that a customer has with your brand. It is not a single touchpoint or interaction but the collection of interactions at all touchpoints over a period of time.

<sup>1</sup>Coefficients are r<sup>2</sup> values of a multiple-regression model predicting outcome as a function of touchpoint satisfaction vs journey satisfaction.

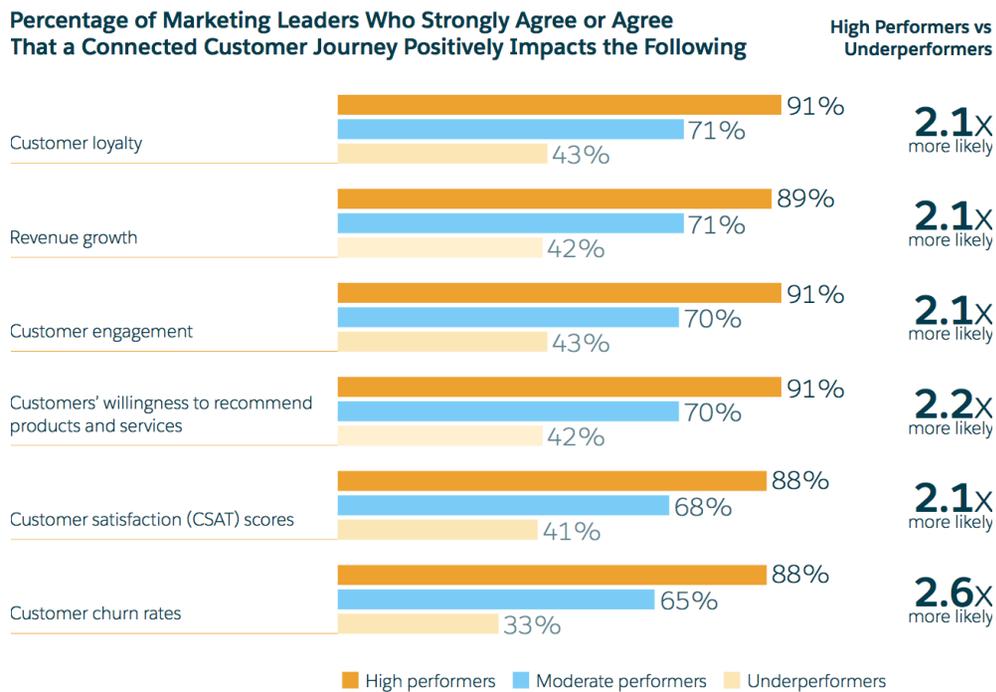
Source: McKinsey US cross-industry customer-experience survey, June–Oct 2015 data

McKinsey&Company

McKinsey found that companies that have a customer journey mindset and provide a good experience along the entire journey can expect to increase customer satisfaction, improve sales, reduce churn and decrease service costs.

Given the explosion of channels across which customers today interact with companies, this is truer today that it was even a few years ago.

*High-performing marketers overwhelmingly agree that a connected customer journey across all touchpoints and channels is a boon to business, lifting everything from loyalty levels to revenue.*



The focus has therefore shifted to developing a unified view of the customer as she interacts with your brand and personalizing her experience across channels, locations and time. To achieve this unified customer view, customer analytics must evolve from retrospective reporting to real-time, behavior-driven engagement.

## Customer journey analytics is the means to enable this transformation.

It reveals the paths that your most satisfied customers take. It also uncovers the bottlenecks to a consistent and high-quality customer experience. Using customer journey analytics, you can find paths that lead to a desired action, as well as those paths that typically don't lead to that action.

**“67% of marketing leaders say creating a connected customer journey across all touchpoints and channels is critical to the success of their overall marketing strategy.”**

# What is Customer Journey Analytics?



# What Is Customer Journey Analytics?

Customer journey analytics is the weaving together of every touchpoint that a customer interacts with, across multiple channels and over time. It connects millions of events into journeys from your customers' point of view and is a data-driven approach to discovering, analyzing and influencing your customers' journeys.

Gartner defines customer journey analytics as the process of tracking and analyzing the way customers use combinations of channels to interact with an organization and covers all channels present and future which interface directly with customers.<sup>1</sup>

Customer journey analytics gives marketers and customer experience professionals a powerful tool to understand and engage with individual customers at a personal level, at scale.

By analyzing millions of data points in real-time, you can discover the most important customer journeys and prioritize those opportunities that significantly impact business goals like increasing revenue, reducing churn and improving customer experience.

“Maximizing satisfaction with customer journeys has the potential not only to increase customer satisfaction by 20 percent but also to lift revenue by up to 15 percent while lowering the cost of serving customers by as much as 20 percent.”

— McKinsey: The three Cs of customer satisfaction: Consistency, consistency, consistency



# Customer Experience is Driving the Need for Customer Journey Analytics

## Customer experience is everywhere.

From marketing to customer service to the boardroom, it's now generally recognized that personalized, efficient and engaging customer experience drives customer acquisition, brand loyalty and customer lifetime value (LTV).

The focus has shifted to developing a unified view of the customer as she interacts with your brand and personalizing her experience across channels, locations and always in the moment. To achieve this unified customer experience, customer analytics must evolve from retrospective reporting to real-time, behavior-driven engagement. Customer journey analytics is the means to enable this transformation.





# Customer Journey Analytics Delivers Immediate Business Impact



**Leading companies are now using customer journey analytics to attain real business impact. Some of the most frequent applications include:**



## **BOOST CUSTOMER ACQUISITION**

By identifying the high-impact journeys, path to purchase, and uncovering purchase intent early, customer journey analytics can help marketers boost customer acquisition.



## **INCREASE RETENTION**

Loyalty marketers can use customer journey analytics to predict customer behavior, understand customer preferences, and recognize which actions work best in a given situation.



## **GROW REVENUE**

Customer journey analytics can help you grow revenue in a number of different ways. By identifying cross-sell/up-sell opportunities and triggering personalized communication at the right moment and through the right channel it can help you increase revenue per customer. It helps identify tactical enhancements that can be made throughout the journey to reduce costs and grow sales.



## **IMPROVE CUSTOMER EXPERIENCE**

By discovering bottlenecks in the customer experience, journey analytics can help you improve customer experience. It is far more predictive of customer satisfaction than other forms of analytics.



## **MAXIMIZE CUSTOMER LIFETIME VALUE**

Customer journey analytics can reveal which factors underlying customer lifetime value are most significant and help you identify ways to maximize it.



## **INCREASE MARKETING ROI**

By measuring and improving cross-channel efforts, journey analytics can help you get more value from your existing marketing technology stack, thus improving results and lifting your return on marketing investment (ROMI).

# Why Traditional Marketing Analytics Tools Aren't Enough



**Marketers today are challenged to deliver ever more personalized, differentiated messages to customers and yet deliver higher than ever ROI on their marketing.**

Achieving this herculean task requires bringing together all the different pieces of customer data available to a company in a unified way, in the moment, to create a unique, compelling message delivered to the customer in a contextual manner

But, traditional marketing analytics tools are not up to the task in a world where the volume, velocity and variability of data has dramatically transformed.

First, let us peel back the traditional analytics model to understand those limitations a bit better.

## What Are Traditional Marketing Analytics Tools?



For the past several decades, marketers have relied on data warehouses to store and analyze data extracted from operational systems for reporting and analysis.

The process starts with identifying relevant data sources, cleaning and standardizing data, then setting up the metrics and developing reports that marketers want. Since data comes from a variety of discrete sources, it first needs to be cleaned, standardized and then loaded into the right tables through a process known as “extract, transform and load (ETL)”.

After completing the ETL process, the business defines key metrics they want to track, and the attributes needed to analyze these metrics. Reports are then developed that capture these KPIs.

All these steps are sequential.

The traditional analytics model is a mammoth effort, time consuming, costly and requiring specialized skills of IT data analysts, but one that is increasingly inadequate to deliver timely results with the exponential growth in the volume and velocity of data.

Marketing teams are struggling to answer complex customer questions using traditional marketing analytics tools due to six main limitations:

## #1: Exponential Growth in the Volume and Velocity of Data

The number of customer touch points and the volume of data produced by each has exploded in recent years. Websites, social media, point-of-sale systems, call center systems and new IOT data sources (smart home devices, connected TVs, wearable technology devices etc.) are all generating massive volumes of data, often continuously.

This data deluge is commonly referred to as 'Big Data'—a term for data sets so large or

complex that traditional data processing application software is inadequate.

Big Data creates huge challenges for businesses. Apart from requiring enormous quantities of in-house processing power to analyze data at scale, marketers grapple with other challenges, like how to capture and store it in real time, as well as how to search, share, query, or update data.

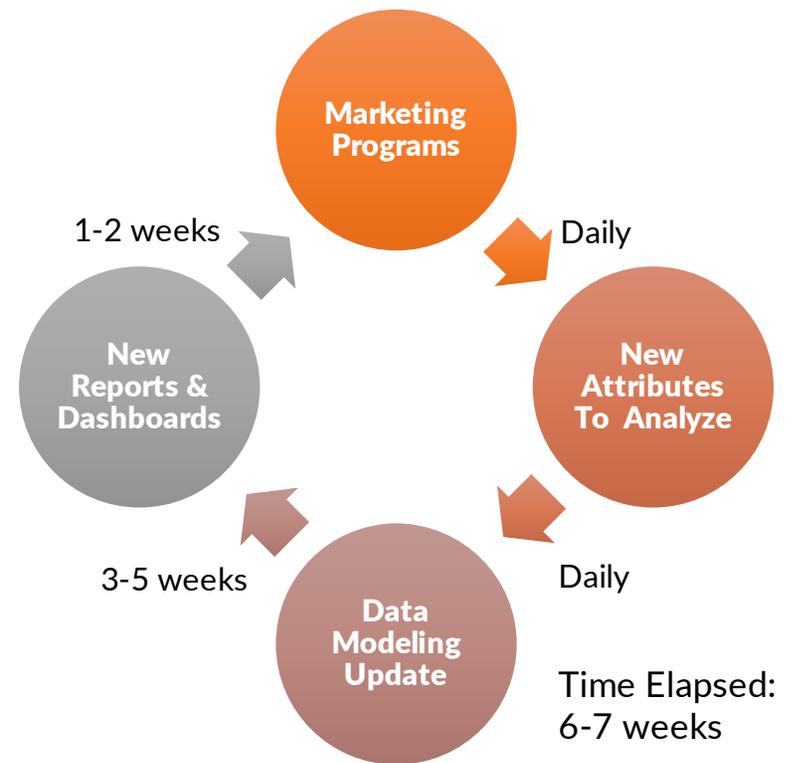
By 2020, there will be 5,200 GB of data for every person on earth, amounting to 40 Zettabytes (43 trillion gigabytes) – IDC



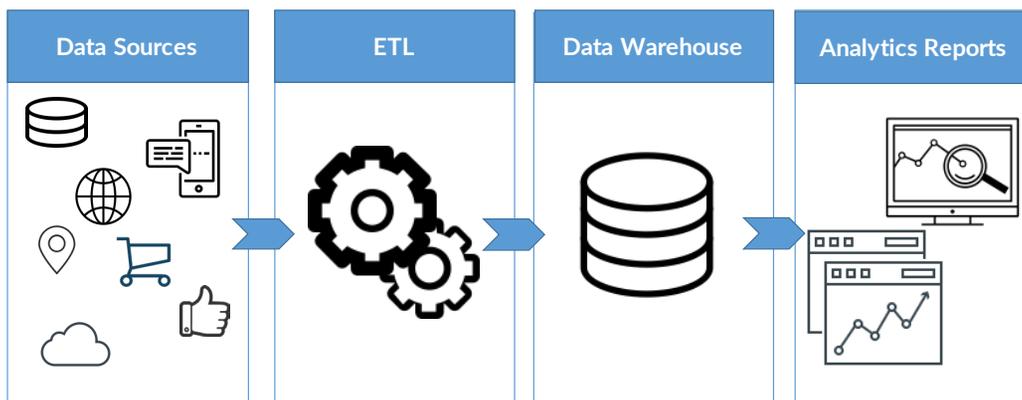
## #2: Inflexible, Static Data Model

The static model is inflexible, making it difficult for businesses to adapt to new product lines, new markets or changing sales processes. This makes some analytical applications outdated within weeks of roll-out.

Whether it's incorporating a new data source, making changes to attributes within an existing data source, or adapting to a real-time change in business (e.g. a new product rollout or a business acquisition), the static data model often turns into a bottleneck.



### Traditional Marketing Analytics Model



Constrained • Static • Expensive

While it represents a good construct of the business at a point in time; when something changes, a static model can really slow down decision making.

Not surprisingly, this type of a static model creates a lot of lag in the marketing process, forcing marketers to remain a step behind in acquiring and acting on the latest customer data.

There is, therefore, a real hunger for applications that can truly enable decision making in real time, instead of having to wait days or weeks with traditional marketing analytics tools.

# 3

## #3: Data Integration Is Difficult And Time Consuming

Marketing, finance, sales and HR functions often make their own investment decisions concerning tools, applications and IT infrastructure. When the business demands a rolled-up view, this integration becomes painful. This has important consequences for marketing.



©marketoonist.com

Would the in-store customer still recall the purchase when the offer finally comes her way?

### CONSIDER THIS EXAMPLE:

A retailer wants to launch an up-sell campaign for its most valuable in-store customer to turn them into repeat, online customers. Operating through a traditional analytics model, a marketing analyst queries the marketing data warehouse to identify the most high-value customers.

They will then tap into a POS system and collect names of those high-value customers who made a purchase within a specified period. Now these two lists need to be integrated to arrive at a final list to launch the campaign.

Once executed, eligible customers get an offer, fulfilled by the operations system.

This entire process can take a few days, depending on the availability of data analysts.

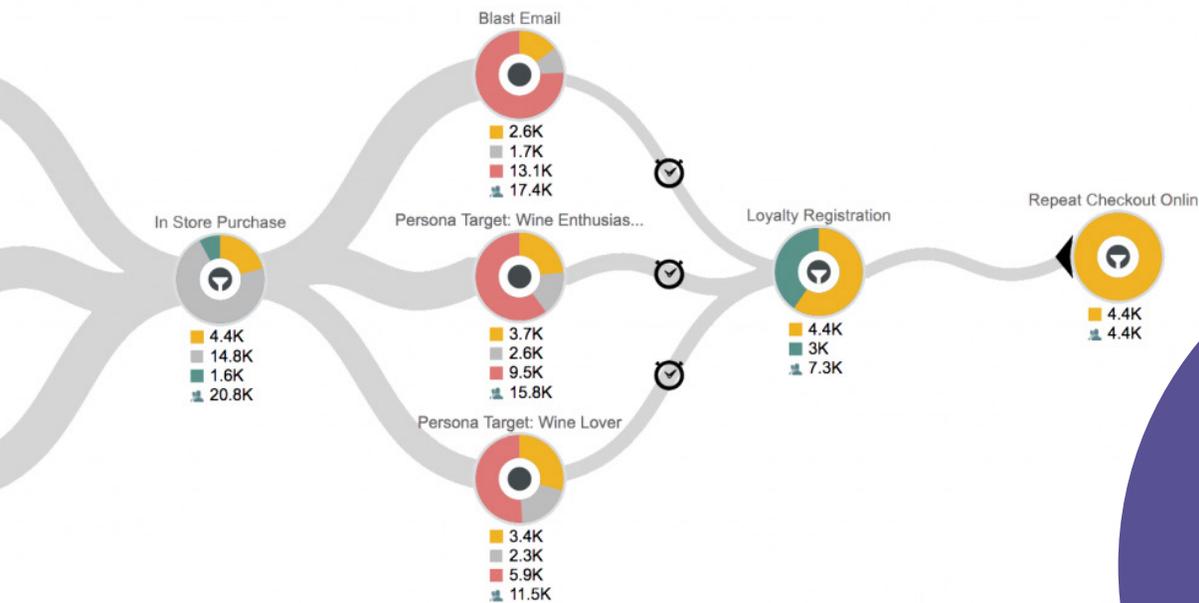
Would the in-store customer still recall the purchase when the offer finally comes her way?

## Marketers need a system which takes the pain out of dealing with a traditional, data warehouse-based approach.

To quickly integrate data, match across different channels and create a unified customer view in real-time, requires a behavior-based approach.

Journey analytics platforms can deliver on this promise.

They quickly integrate data across a variety of channels to create a unified customer view. This allows marketers to analyze millions of data points in real-time and produce actionable analytics in a timeframe when it is still relevant and actionable.



Journey Analytics unifies data and reveals paths that real customers take as they interact with your company across touchpoints and over time.



# 4

## #4: Scarcity Of Skills And Resources

Even if you're confident your team can deal with the challenges of big data, a traditional data warehouse model, and time-consuming data integration, analyzing it in a practical and actionable way involves mastering advanced technical, statistical and analytical concepts.

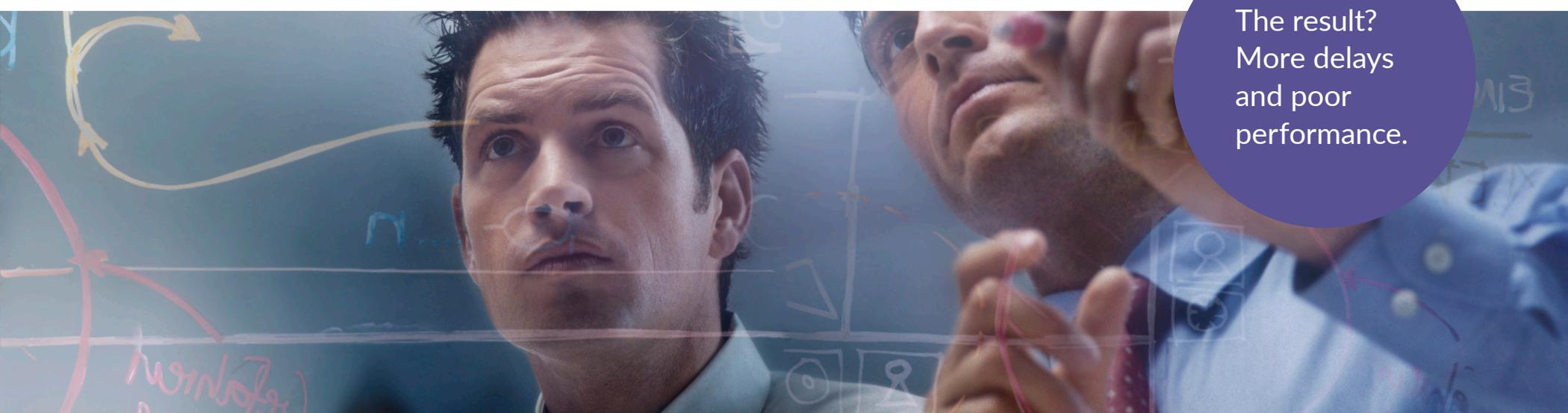
For instance, to query and extract data out of these datasets, users need to be conversant with programming languages like SQL, R or Python, and know how to manipulate data. To extract intelligent insights from data, teams of skilled data scientists are needed, who are often difficult to hire, retain and motivate.

Does that sound like a skill the average marketer is trained on?

The result? More delays and lags.

However, an analytics platform that can make information easily accessible in a practical, quick and efficient manner goes a long way to alleviate this issue, and allow marketers to once again focus on relevant and critical customer facing decisions.

Advanced analytics applications can present complex data through visual journeys that do not require an army of data scientists to analyze. This results in faster campaign turnarounds, and ultimately, vastly improved marketing ROI.



The result?  
More delays  
and poor  
performance.

## #5: Lack of Realtime Analytics

The traditional data model has another big challenge that is often overlooked. A static data model offers a historical lookback view. Historical data is useful to analyze trends and performances over time. But marketers today need to know what's happening with customers prospectively and adjust the experience in real-time. The historical view is thus rendered useless even before it is implemented.

'Realtime' claims aren't so much real-time as 'near realtime' which introduces a delay of 24-48 hours. Moreover, most analytics systems do not have direct integration with marketing technology systems to trigger personalization and influence customer behavior when it matters.

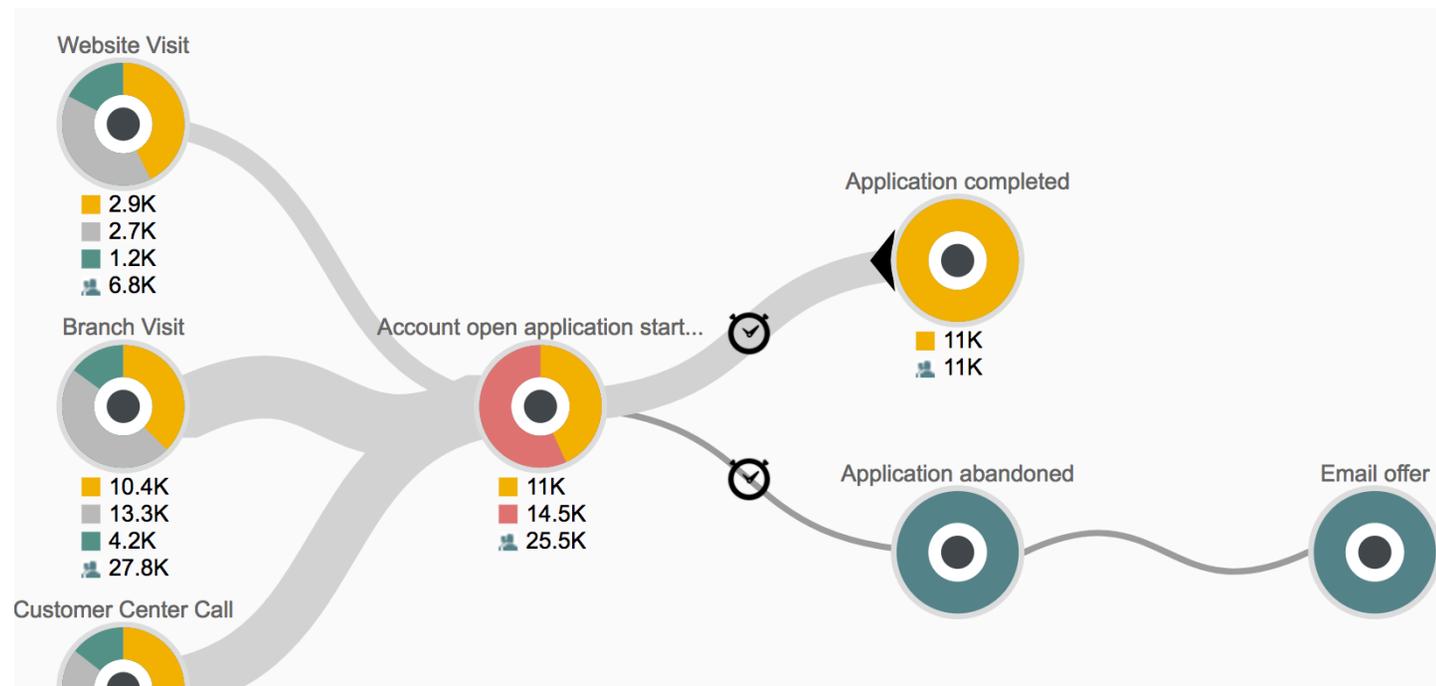
To provide each customer with a personalized experience based on their own unique preferences and personal journey, marketers need to connect millions of data points and analyze customer journeys as they happen.

### CUSTOMER JOURNEY ANALYTICS PLATFORMS ARE BUILT TO MAKE THIS POSSIBLE.

They enable marketers to identify opportunities for real-time engagement based on a deep analysis of customer behavior. They give you the power to identify at-risk customers before you lose their business.

They let you connect the dots between customer interactions and business outcomes in seconds, rather than weeks and months.

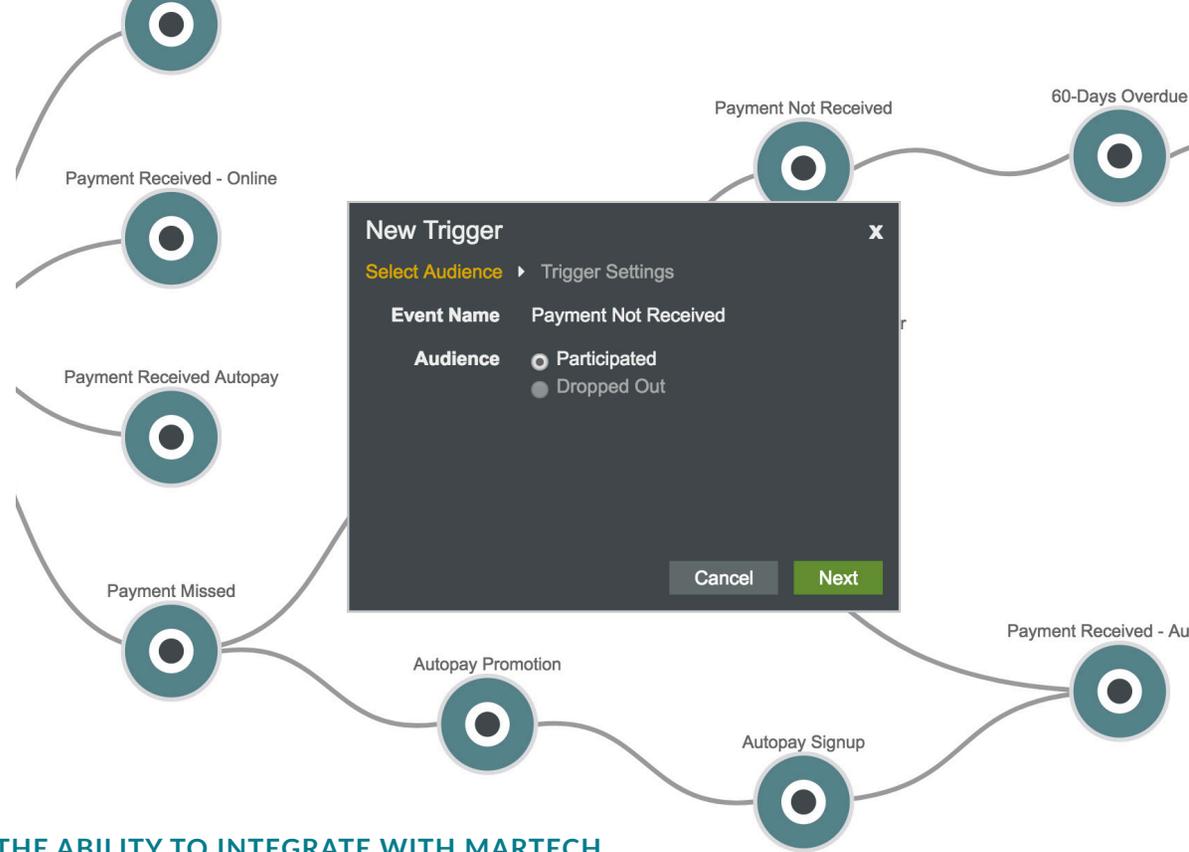
Customer journey analytics platforms can spot different behavioral patterns and interactions in realtime, even among anonymous visitors, so you can engage each customer with a personalized offer



## Trigger Engagement

In addition to providing a means for monitoring customer behavior in real time, customer journey analytics platforms enable marketing and CX teams to automatically engage with each customer at the best time, through their preferred channel and in a relevant, personalized way.

By embedding triggers at any point in a journey, you can engage with each customer via their preferred channel (e.g. email, SMS, in-app message) in real time. And journey-based triggers are a lot easier to manage and more effective than rule-based systems of the past.



**THE ABILITY TO INTEGRATE WITH MARTECH SYSTEMS AND TRIGGER REAL-TIME ENGAGEMENT IS A HUGE STEP FORWARD.**



Today, customer journey analytics platforms integrate with commonly used marketing automation tools, so you can engage with your customers through your existing marketing technology stack. The outcome is an enhanced performance level for marketing and CX campaigns through significantly better precision, targeting and timing.

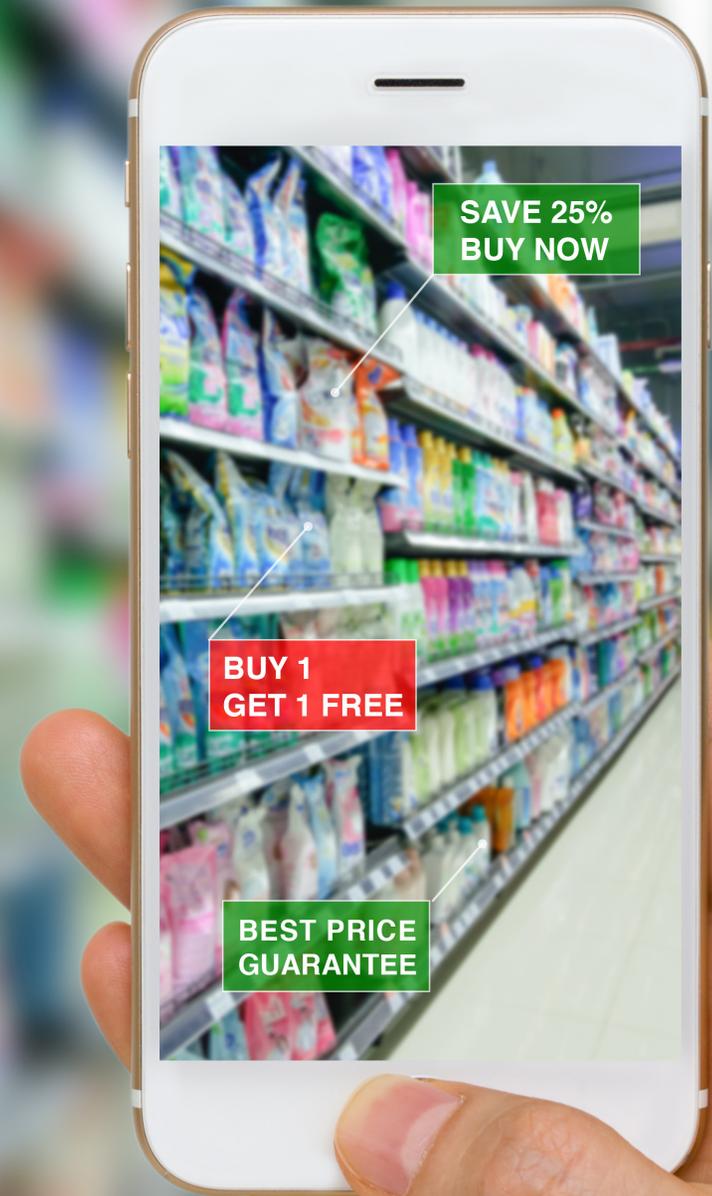
## #6: Failure To Capture Multichannel Journeys

Most analytics tools work independently on data within a single channel to parse customer behavior and do not capture complex, multi-channel journeys.

For instance, a digital analyst in a marketing team, would use a web analytics platform (such as Google Analytics) to measure traffic to a website or app, acquisition sources, behavioral flow and content engagement.

A social media analyst in the same team may be using a dedicated social analytics tool to measure reach, engagement, sentiment, sharing and other social metrics.

While useful, this traditional approach only helps to understand channels in isolation and gives an aggregate group view, instead of the individual, unique customer journeys across channels that are needed to build a complete understanding of customers for delivering real-time, personalized engagement at scale.



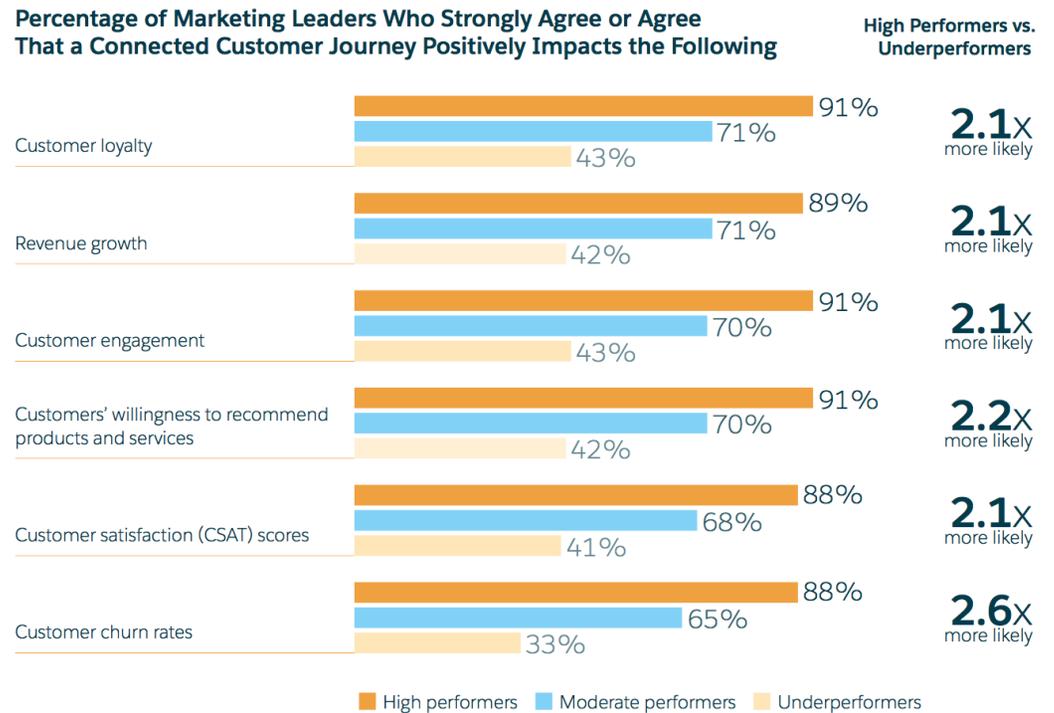
## Journey-based Approaches are Inherently Cross-Channel

Customer journey analytics builds a unified view of customers as they interact with your brand across multiple touchpoints. Using customer journey analytics, you can find cross-channel paths that lead to a desired action, as well as those paths that typically don't lead to that action.

“67% of marketing leaders say creating a connected customer journey across all touchpoints and channels is critical to the success of their overall marketing strategy,” as per Salesforce’s fourth annual State of Marketing report.

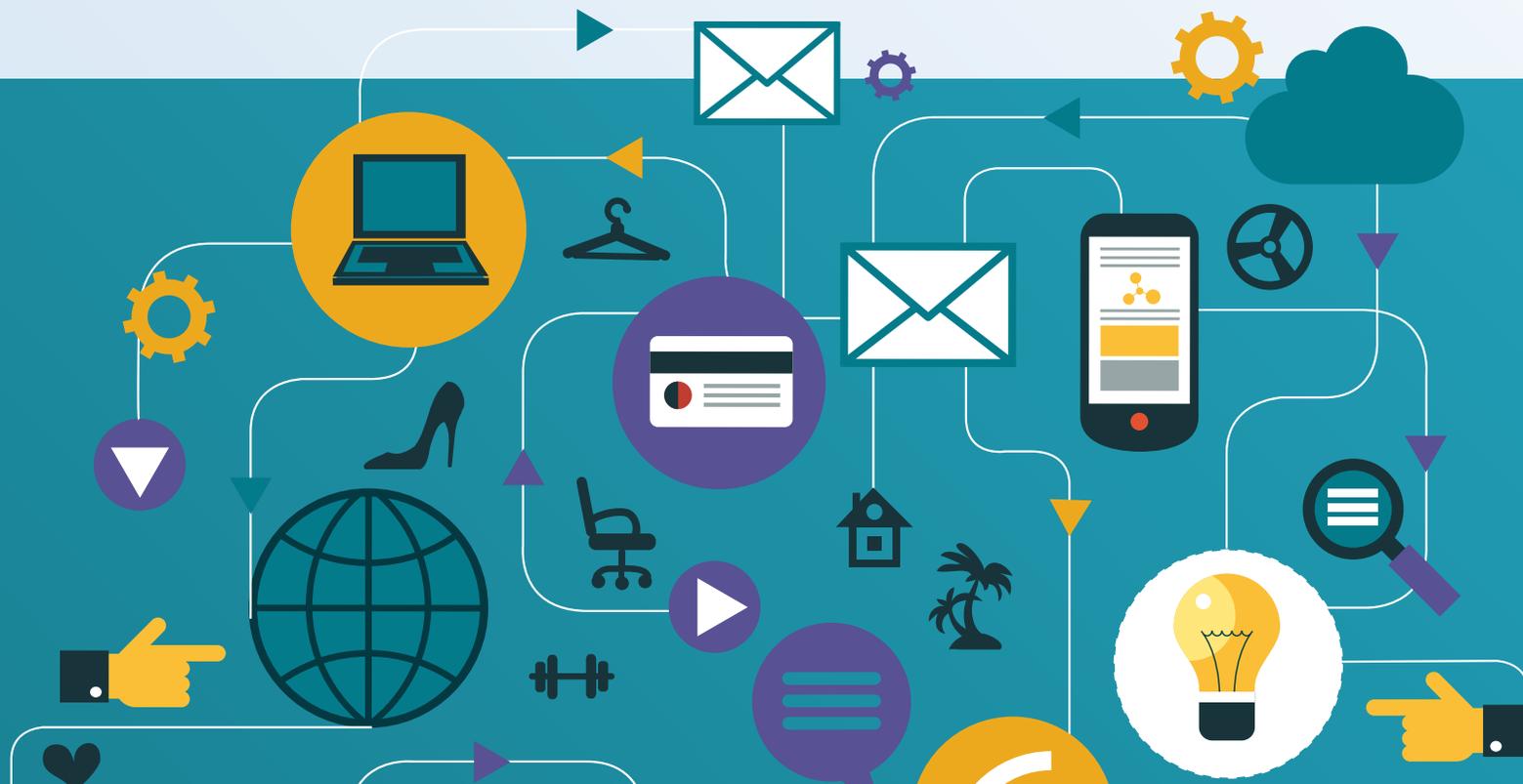


High-performing marketers overwhelmingly agree that a connected customer journey across all touchpoints and channels is a boon to business, lifting everything from loyalty levels to revenue.



[Image Source: Salesforce fourth annual state of marketing report]

# How Does Customer Journey Analytics Differ from Journey Mapping?





# What is a Customer Journey Map?

You spent weeks creating a very detailed and highly visual journey map. You managed to get marketing, customer experience, sales and the rest of the management team on board. Life seems good.

But now it's time to get back to the 'real work' of meeting the KPIs your team is being measured by.

Wait. So why did you spend your time creating a beautiful, static picture?

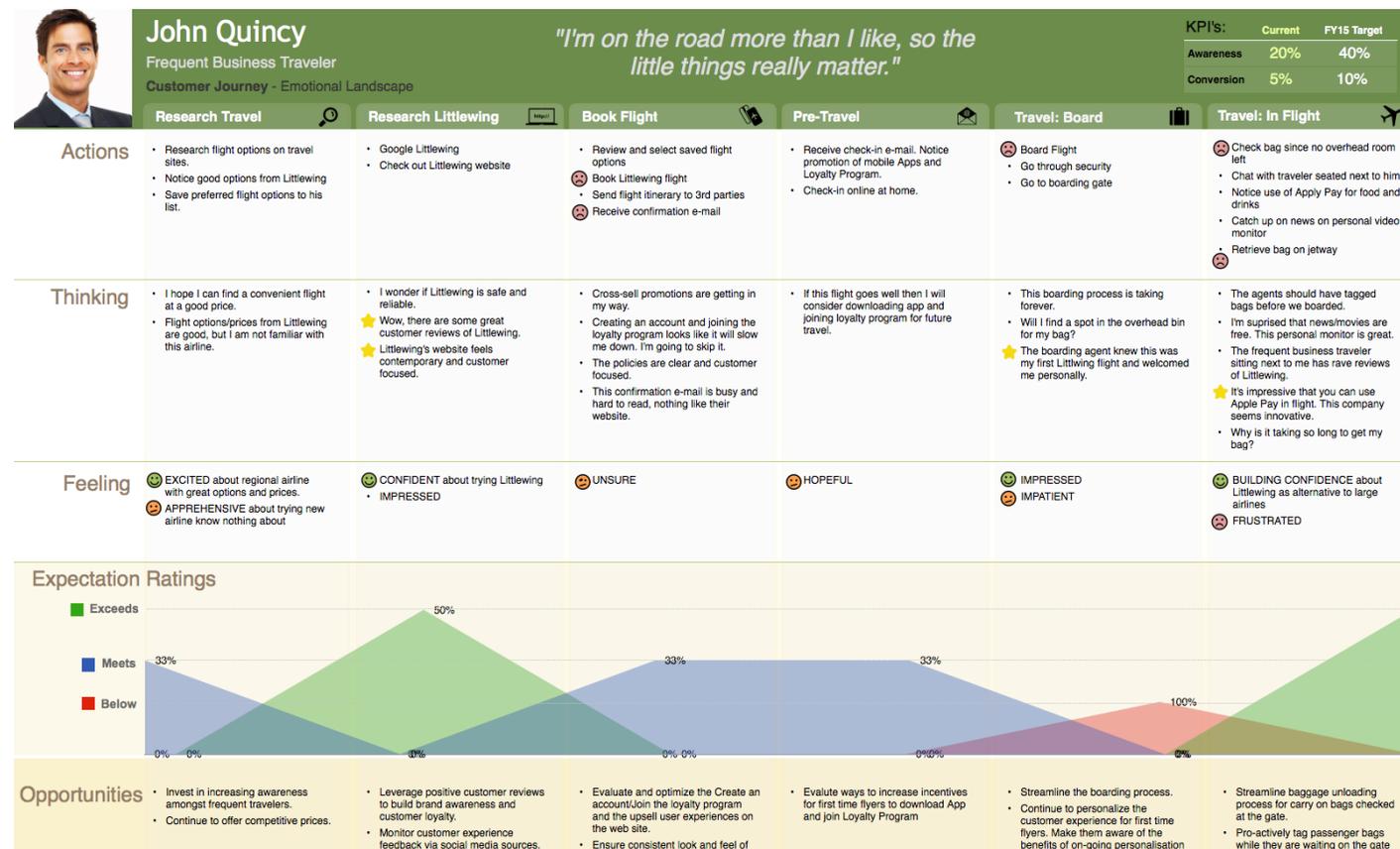
What if you could bring your journey maps to life with real-time data that truly reflects your customers' real-life experiences and connect them to the hard metrics your company cares about?

## A CUSTOMER JOURNEY MAP IS A VISUAL ILLUSTRATION OF THE CUSTOMER'S EXPERIENCE WITH A BUSINESS.

Journey maps can cover the macro-level journey (e.g. from initial awareness and engagement along the way to a long-term relationship) or zoom in on one or more

micro-level journeys, such as the steps to make an online purchase.

Journey maps typically capture the emotions at each step of the customer's journey. These can include what your customer is thinking and feeling, as well as an evaluation of the experience at each stage.



## Customer journey mapping has been growing in popularity over the past few years.

However, the unfortunate reality is that many companies sink a lot of time into creating beautiful looking journey maps that are released with great fanfare only to gather dust, as employees go back to the 'real work' that they're measured by.

Why does this happen and what can you do about it? The answer may lie in the customer journey map itself.

In order to be actionable, a journey map must be measurable and dynamic instead of a static picture.

The answer that you are looking for is customer journey analytics.



The answer that you are looking for is customer journey analytics.

# How Customer Journey Analytics Differs from Journey Mapping

## #1 Using Data to Discover the Most Significant Opportunities

Pictures without data are just stories. Data is what makes the picture come alive. Without data, a journey map is at best a subjective observation of a small number of 'representative' customers and at worst a hypothesis made up entirely by various parts of an organization based on their own interpretation of customer behavior.

Customer journey analytics overcomes these weaknesses because it bases your discoveries on hard data, rather than opinion. Millions or even billions of

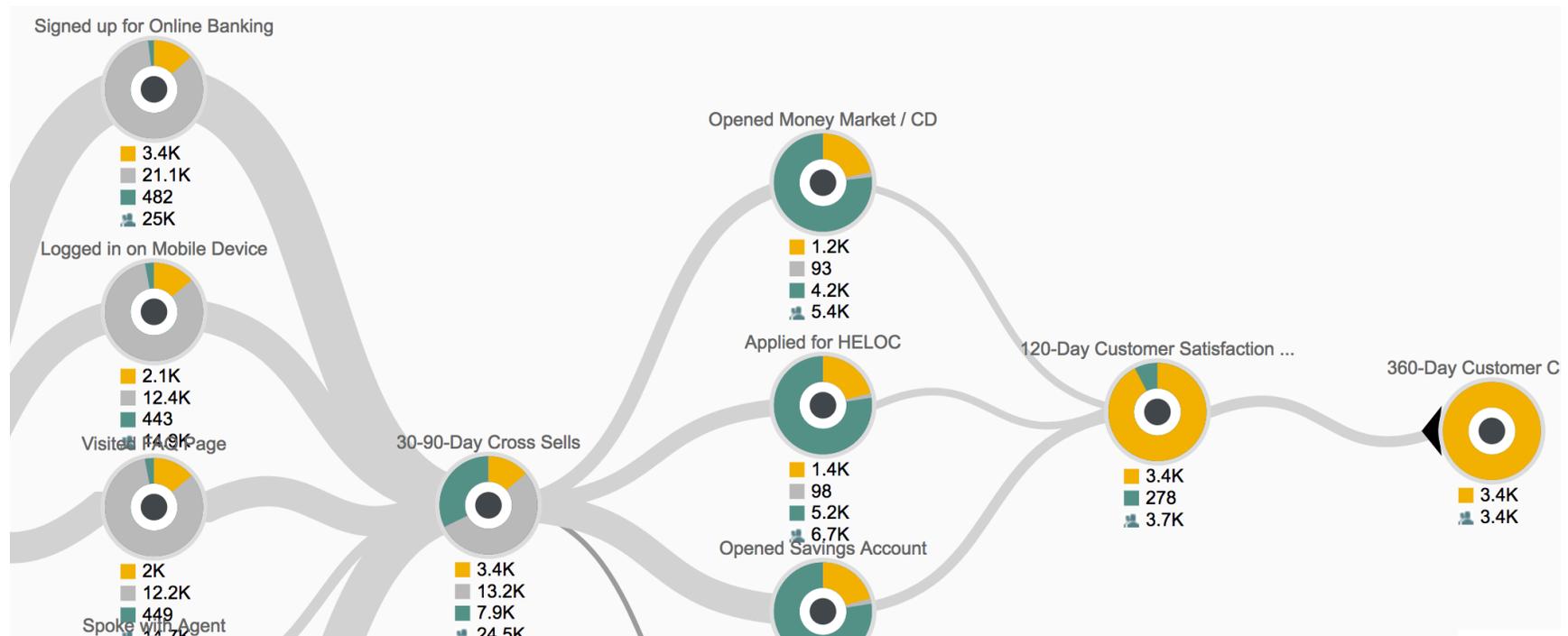
individual interactions can be captured over time through a myriad of sources like websites, point-of-sale systems, email marketing platforms, data warehouses, call center logs and even IoT devices.

By analyzing all this data in real-time, customer journey analytics gives you a powerful tool to discover the most important customer journeys and prioritize those opportunities that significantly impact your business goals.



# #1 Using Data to Discover the Most Significant Opportunities (con't)

For example, the figure here shows how customer journey analytics can provide more than just the actions taken by customers. The map indicates the number of unique customers participating, converting or dropping out at every step along the journey. This capability can provide marketers with powerful data they can use to pinpoint who to target, what kind of campaign to execute and at what step in the journey to engage.



**CUSTOMER JOURNEY ANALYTICS PROVIDES THE NUMBER OF UNIQUE CUSTOMERS PARTICIPATING, CONVERTING OR DROPPING OUT AT EVERY STEP ALONG THE JOURNEY.**

## #2 Discovering Real Journeys Your Customers Are Taking

Jake Sorofman of Gartner says, “What’s important to remember is that customer journeys aren’t created; they’re discovered. When we try to create journeys, we fall into one of these two traps: we either hallucinate customer needs or throw away the customer experience playbook altogether and focus on the needs we know intimately: our own.”

The most common complaint of the journey mapping process is that it is designed in a meeting room by employees with an inward focus, in other words with minimal or (in some cases) no input from customers. Many journey mappers think that involving various teams like finance, R&D and engineering—in addition to the obvious ones like marketing and CX—will ensure their journey map reflects their customers’ actual experiences. But in reality, what they are really doing is documenting internal processes and calling it a customer journey map.

When customer-facing employees put themselves in their customer’s shoes and try

to imagine their experiences, it typically results in an imaginary journey that fails to reflect the variety of real-world paths their customers actually take. Even if you conduct focus groups or interview a few dozen customers, you’re not even close to discovering the millions of real, unique journeys taken by your customers.

Customer journey analytics does the hard work of collecting actual customer data from a variety of sources such as marketing automation platforms, websites, mobile apps, data warehouses, call center logs, e-commerce platforms and point-of-sale systems. It integrates all this myriad data and performs customer identity matching to determine which interactions are actually being performed by the same person.

In this way, customer journey analytics reveals the numerous paths your customers actually take, as they engage with your company across channels and over time.



What’s important to remember is that customer journeys aren’t created; they’re discovered.

## #3 Comprehensive View of Your Customers' Journeys

Journey maps typically convey only a few, representative journeys. In reality, every one of your millions of customers takes their own unique journey that may be similar or differ wildly from your prototypical version. Customers zig and zag through different paths even as they reach the same end goal.

Different customers, even those with the same 'buyer persona' type, move along at their own unique pace. Journey mapping assumes the same cadence for all customers and therefore misses out on opportunities to interact with individual customers on a one-to-one basis through personalized engagement. Customer journey analytics, by triggering real-time engagement, helps nurture customers with different cadences along the journey.

Customer journeys are also interconnected—jumping multiple times across online and offline channels, and even intertwining with other journeys. For instance, a customer journey to resolve an issue, if handled well, could result in a cross-sell of a new product or an up-sell into a higher value plan. Journey maps don't help you discover such real-world, unscripted customer behaviors.

Customer journey analytics can help you solve these problems by revealing the wide variety of real paths that customers actually take across channels and over time. Then it helps you identify the most important journeys by whatever metric you may choose, e.g. repeat purchase rate, loyalty engagement, conversion, new customer acquisition or overall impact on revenue.



Customer journey analytics can reveal the wide variety of real paths that customers actually take across channels and over time.

# 3

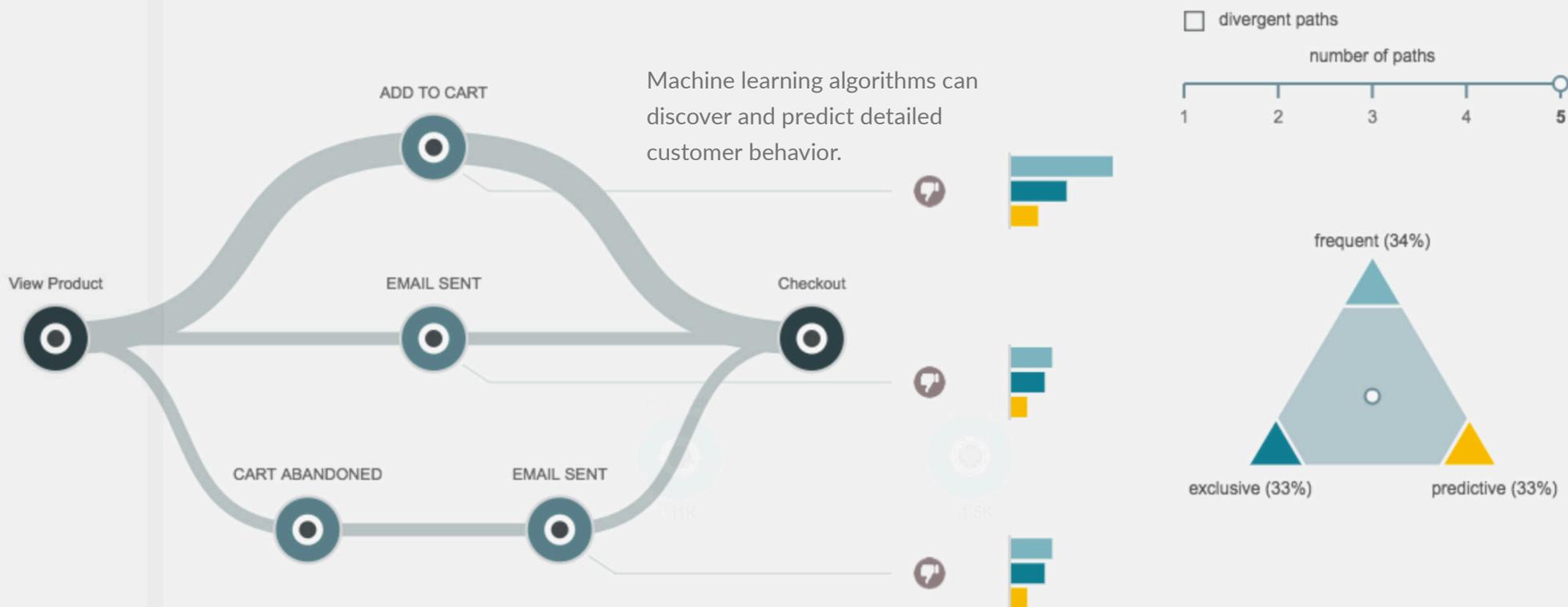
## #3 Comprehensive View of Your Customers' Journeys (con't)

By using a customer journey analytics platform equipped with sophisticated machine learning algorithms, you can quickly discover important events within a journey, for instance the most frequent paths customers take from Point A to B along the journey. Moreover, it gives you the ability to predict customer behavior in real-time and decide on the most appropriate method of engagement.

In the diagram below, machine learning algorithms are used to sort

through millions of actual journeys to reveal the most significant paths that customers took between viewing a product online and checking out.

In a marketer's hand, this is powerful information that can be used to significantly boost campaign results. The best part, though, is that this analysis can be done easily and quickly by marketing and CX teams without the help of data scientists.



## #4 Analyzing and Influencing Customer Behavior in Real Time

Customers today expect personalized, relevant information and offers driven by their preferences, recent interactions and latest product and support experiences. They are ready to abandon their journeys with a single poor experience. Companies cannot afford to falter or even provide a sub-par interaction at any step along the entire customer journey.

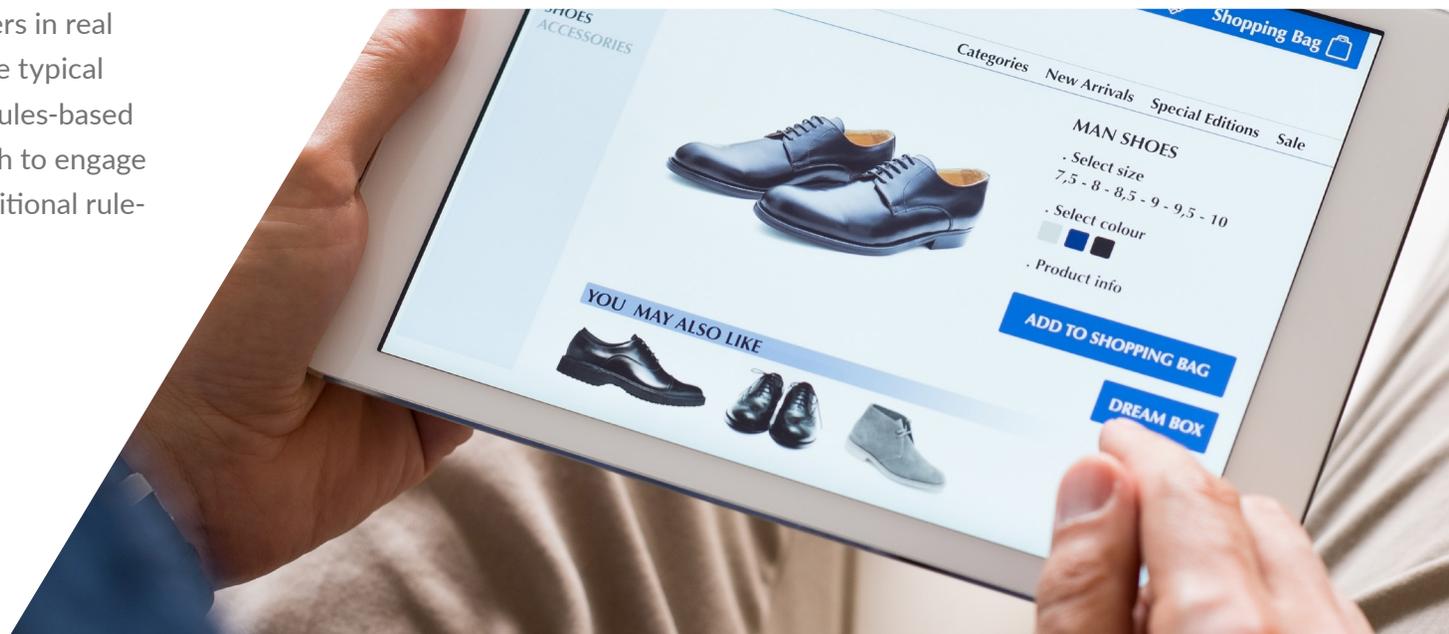
To deliver, companies need to connect millions of data points and analyze customer journeys in real-time, so that they can provide each customer with a personalized experience based on their own unique preferences and personal journey.

You can't engage with your customers in real time via a static journey map. So, the typical solution is to create a stand-alone, rules-based system to code all the ways you wish to engage with your customers. However, traditional rule-

based tools are notoriously difficult to manage and can't help you uncover the unscripted customer behaviors that occur in the real world.

Customer journey analytics enables marketers to identify opportunities for real-time engagement based on a deep analysis of customer behavior. It gives you the power to identify at-risk customers before you lose their business. It lets you connect the dots between customer interactions and business outcomes in seconds, rather than weeks and months.

# 4



# #4 Analyzing and Influencing Customer Behavior in Real Time (con't)

When you implement a change that affects the customer experience, you need immediate and constant feedback to determine the impact of the change.

Customer journey analytics platforms can spot different behavioral patterns and interactions in real-time, even among anonymous visitors, so you can engage each customer with a personalized offer.

## TRIGGER REAL-TIME ENGAGEMENT

Journey maps are good for internal communication and aligning employees around a common, customer-centric approach. But how do you resolve poor customer experience issues? Where do you start?

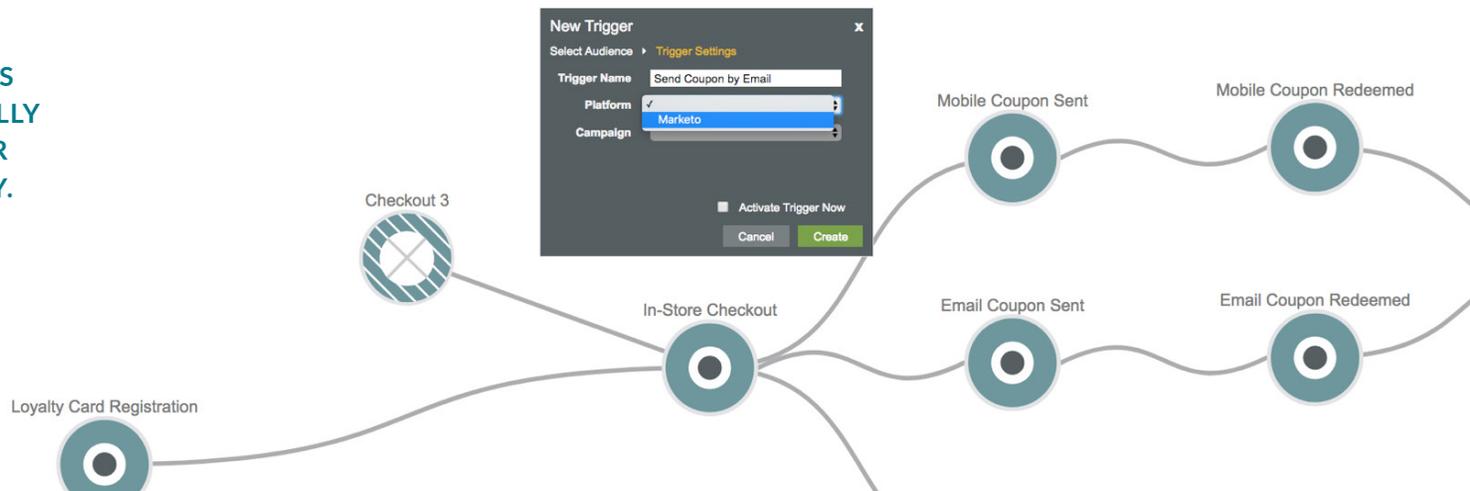
Customer journey analytics enables marketing and CX teams to not only discover which journeys are most important, but to automatically engage with each customer at the best time, through their preferred channel and in a relevant, personalized way.

By embedding triggers at any event along the journey, you can activate engagement (such as an email send) to your target customer

group within a specific event—customers who converted, those who moved forward or even those who dropped out at a particular point in the journey. These real-time engagement triggers are a lot easier to manage and more effective than rule-based, coded systems of the past.

Advanced customer journey analytics platforms integrate with commonly used marketing tools, so you can engage with your customers using your existing marketing technology stack. The result is a new level of performance for marketing and CX campaigns through significantly better precision, targeting and timing.

CUSTOMER JOURNEY ANALYTICS ENABLES YOU TO AUTOMATICALLY ENGAGE WITH EACH CUSTOMER ALONG THEIR UNIQUE JOURNEY.



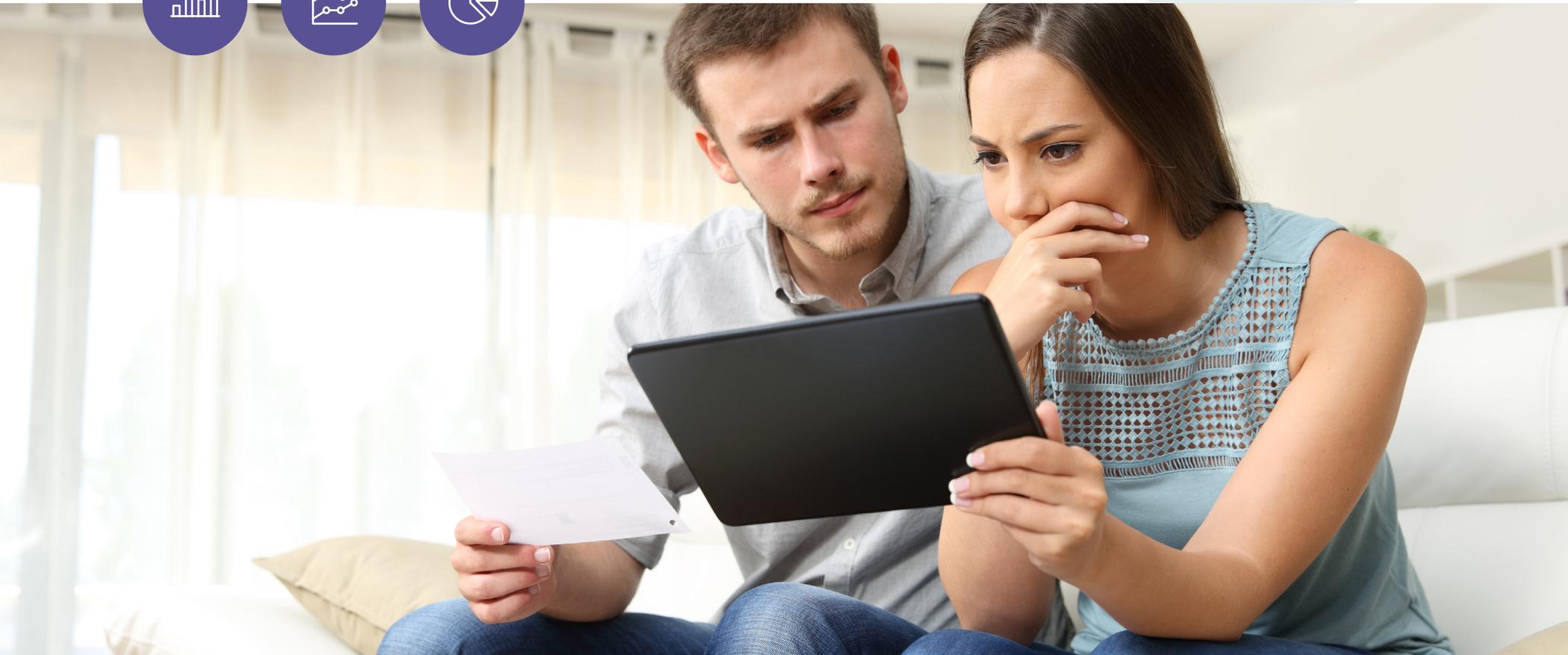
## #5 Measuring the Impact of Customer Behavior on KPIs

A journey map is a static picture, frozen in time. Even if you make changes based on an understanding of your customers' journeys, how do you measure whether they're working or not? How do you

make your journey maps measurable, so you can see the impact of your changes on the KPIs you're being measured by?

**CUSTOMER JOURNEY ANALYTICS CAN TURN YOUR JOURNEY MAPS INTO LIVE DASHBOARDS.**

# 5



## #5 Measuring the Impact of Customer Behavior on KPIs (con't)

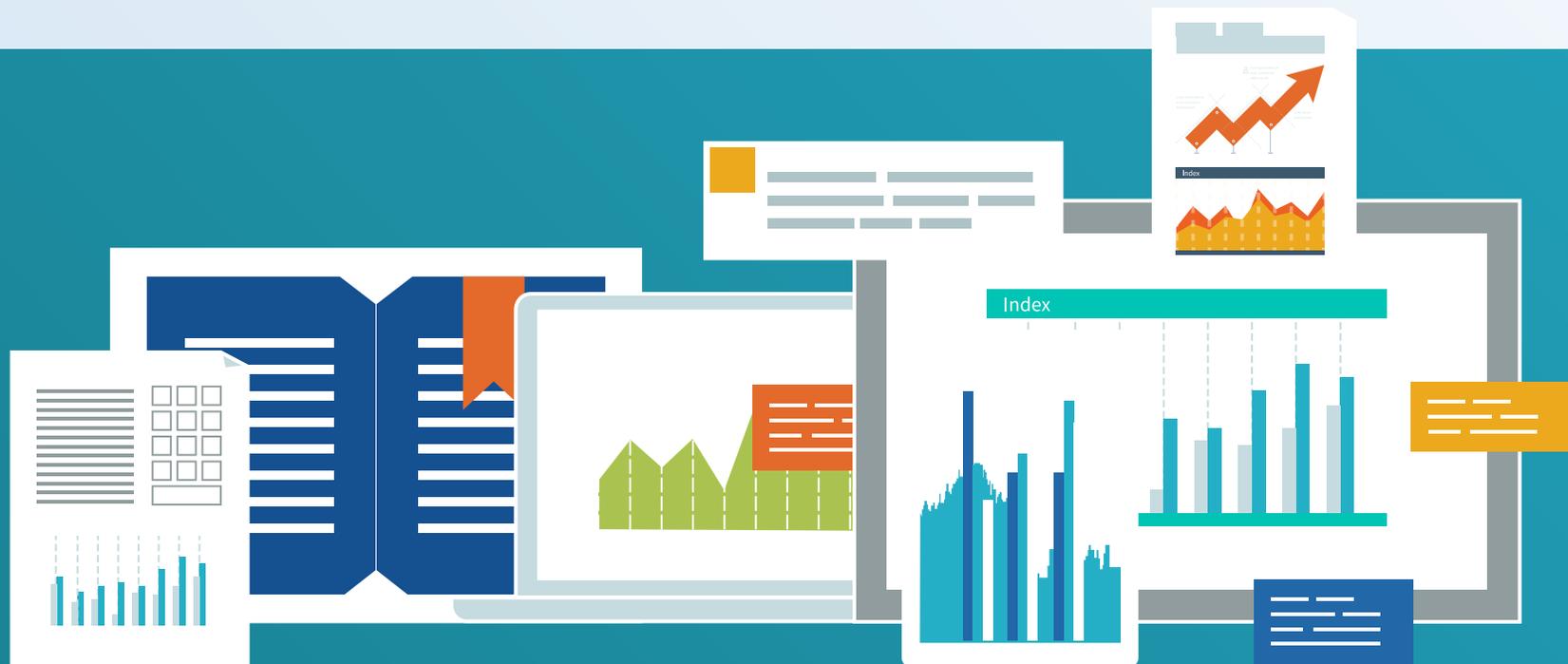
There are a number of ways that customer journey analytics can help you see the impact of customer journeys on your individual business.

### A FEW EXAMPLES OF THE KINDS OF JOURNEY-DRIVEN KPIS THAT YOU CAN VISUALIZE AND MONITOR INCLUDE:

- Customer acquisition
- Customer retention
- Conversion rates
- Repeat purchase rate
- Customer lifetime value
- Customer churn
- Marketing campaign attribution and performance
- Marketing ROI
- Effectiveness of loyalty programs
- Cost of serving customers



# Business Benefits of Customer Journey Analytics



Companies are benefiting from customer journey analytics across marketing and customer experience, as the results are real, immediate and have a lasting effect.

In this chapter, we will illustrate five ways you can use customer journey analytics to provide an immediate impact to your business through real use cases covering a variety of industries.

## #1 Improve Customer Experience

We are living in the age where ‘customer experience’ is truly the king. From customer service to marketing to even the boardroom, it has now been widely acknowledged that customer experience has a direct link to revenue and increased shareholder value.

### MONITORING INDIVIDUAL TOUCHPOINTS ISN'T ENOUGH

Companies have traditionally looked to improve customer experience by focusing on particular touch points. But it's only when you look at a customer journey in its entirety across channels and over time, that real pain points—and therefore opportunities for positive impact—arise.





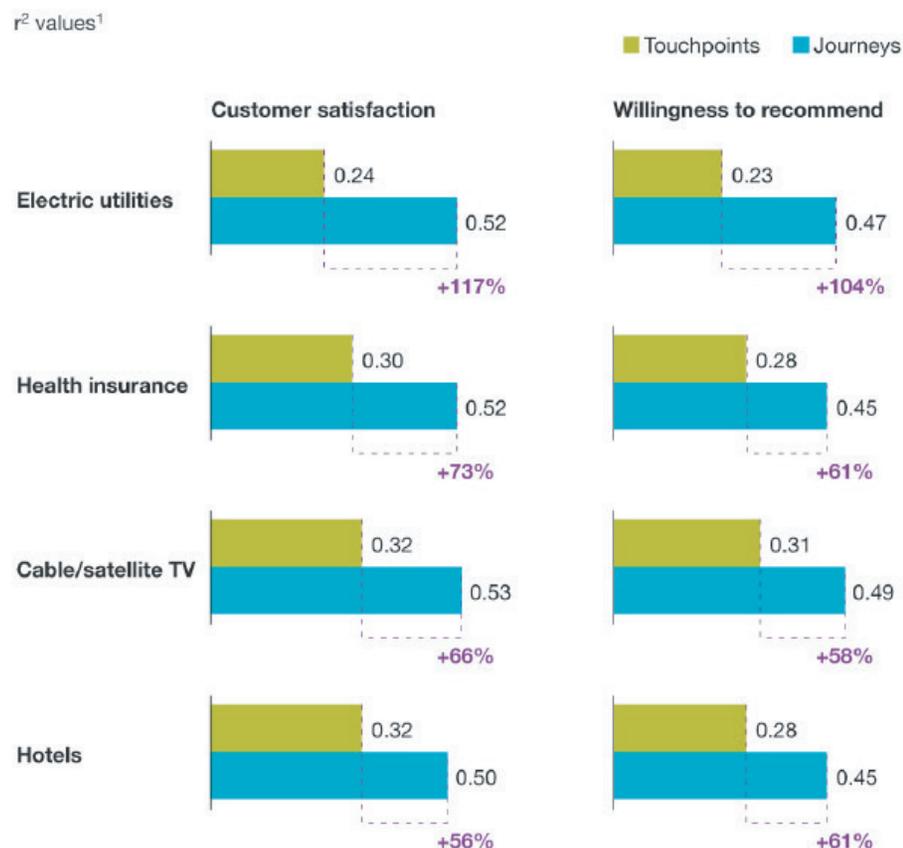
# #1 Improve Customer Experience (con't)

Customer journey analytics steps in and delivers by building a unified view of customers as they interact with your brand across multiple touchpoints, locations and in real-time. It reveals the paths that your most satisfied customers take. It also uncovers the bottlenecks to a consistent and high-quality customer experience. Using customer journey analytics, you can find paths that lead to a desired action, as well as those paths that typically don't lead to that action.

“...performance on journeys is substantially more strongly correlated with customer satisfaction than performance on touchpoints—and performance on journeys is significantly more strongly correlated with business outcomes such as revenue, churn, and repeat purchase.”

— McKinsey study

Journeys are significantly more strongly correlated with overall outcomes than are touchpoints.



<sup>1</sup>Coefficients are r<sup>2</sup> values of a multiple-regression model predicting outcome as a function of touchpoint satisfaction vs journey satisfaction.

Source: McKinsey US cross-industry customer-experience survey, June–Oct 2015 data

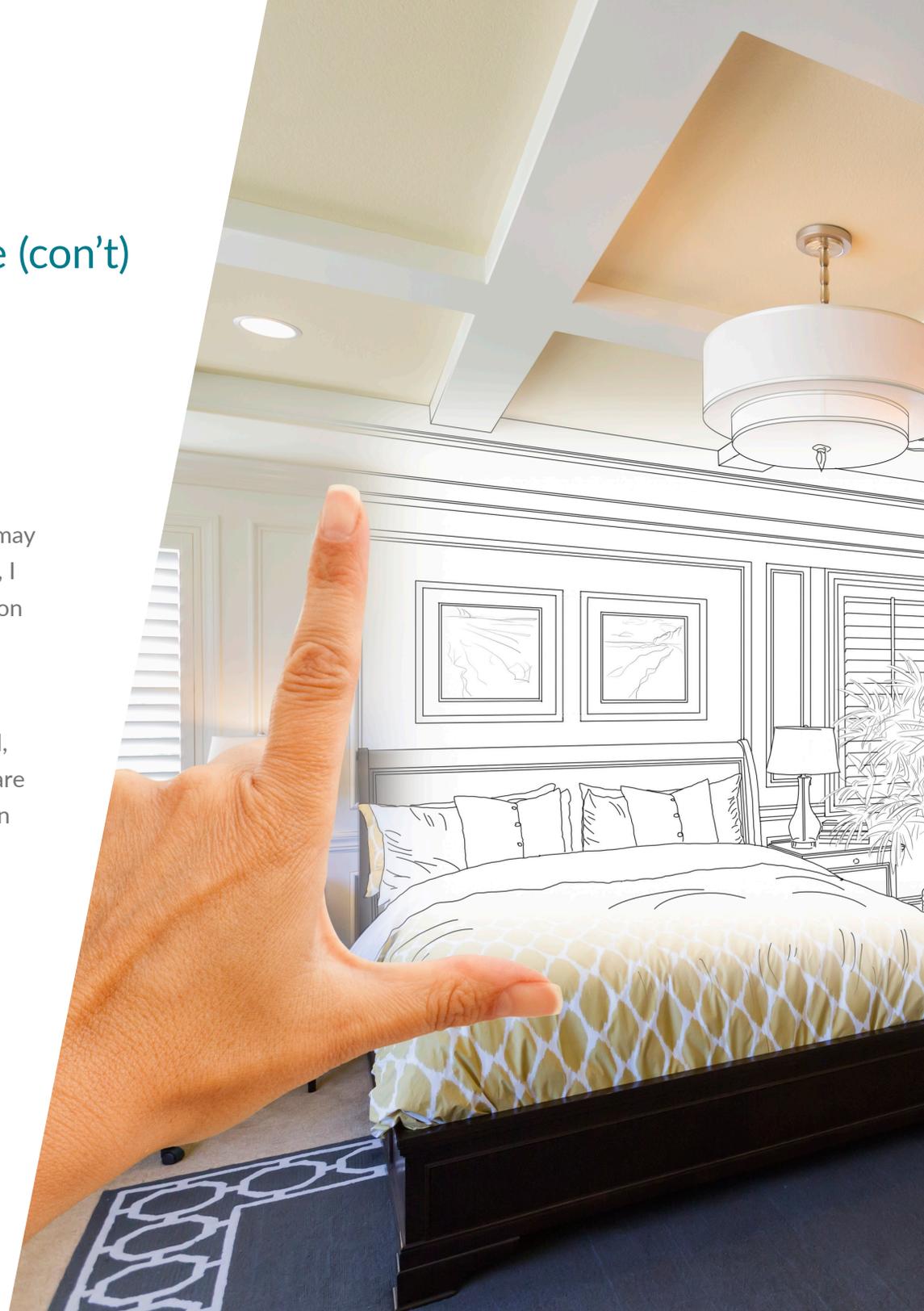
McKinsey&Company

# #1 Improve Customer Experience (con't)

## Employ Personalization to Improve Customer Experience

Leading companies, such as Amazon and Kenneth Cole, are reconfiguring their entire websites in real-time by studying customer journeys and offering personalization. While you may see more videos and product reviews on visiting those sites, I may see entirely different product offers and images based on my preferences and past interactions with the brand.

Most companies are still struggling with how to personalize the customer experience and deliver it on an individual level, at scale. Most personalization efforts fall flat because they are superficially driven by demographic information—rather than each customer's unique journey—and hence do not inspire customers to take desired actions.



## #2 Accelerate New Customer Acquisition

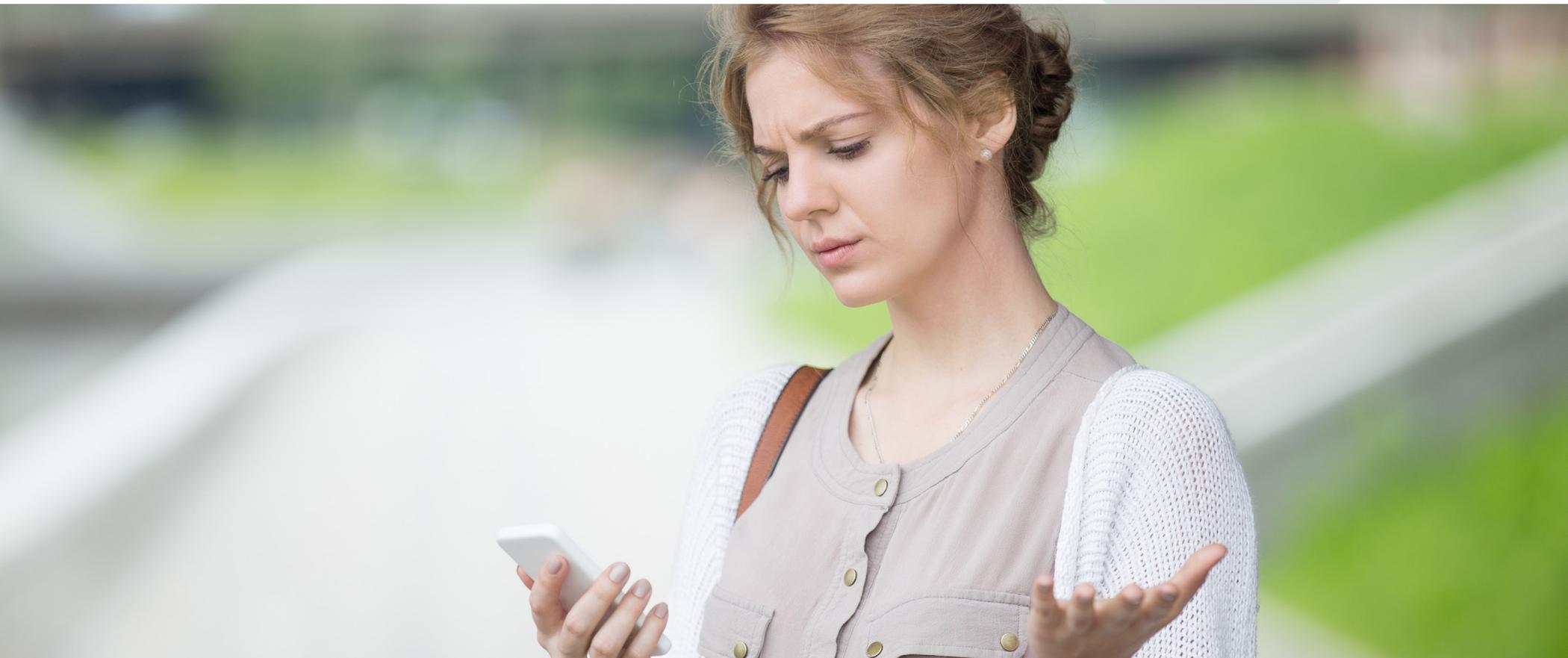
Customer journey analytics makes it easy to uncover high-impact journeys that result in a purchase. Marketing can leverage this information, as well as an understanding of product preferences, customer lifestyles and behavior, into campaigns that increase new customer acquisition. Whether you sell to other businesses or directly to consumers, reaching out to prospective customers at the right moment, through their preferred channel, with a customized offer, results in higher conversion rates.

Reaching out to prospective customers at the right moment, through their preferred channel, with a customized offer, results in higher conversion rates.



## #3 Reduce Customer Churn

Customer experience professionals are using customer journey analytics to improve their ability to identify at-risk customers and reduce churn. By gaining a data-driven understanding of customer preferences and the best ways to reduce friction in particular situations, experience teams can more easily identify and prioritize opportunities for improvement.



## #4 Maximize Customer Lifetime Value

Customer journey analytics uncovers the factors underlying Customer Lifetime Value (CLV) such as acquisition channels, average purchase price, customer experience and retention methods. Using this analysis, companies can identify and activate the best paths to maximize CLV.

Customer Journey analytics can quickly reveal the journeys that your highest value customers take. You can find, for example, specific interactions—such as a loyalty

program offer or a personalized email after a large-ticket purchase—that lead to high loyalty signups and over time, increased repeat purchases.

This piece of intelligence helps marketers craft specific, unique communications that make a high-value customer feel special. Moreover, customer journey analytics can significantly improve your ability to reach out at the right time with the right offer.



Customer Journey analytics can quickly reveal the journeys that your highest value customers take.

## #5 Boost Your Return on Marketing (ROMI)

CMO spending on technology continues to increase. According to the *2016-2017 CMO Spend Survey* from Gartner Research, 27% of the marketing expense budget is now allocated to technology, or 3.24% of revenue. That's higher than what CMOs spend on paid media (22%) and almost on par with labor (28%).

While marketers are adding technology at a furious pace, many of these technologies are way underutilized. Customer journey analytics platforms can unify and improve the effectiveness of existing marketing technology stacks.

Customer journey analytics platforms collect data from every touchpoint as customers interact with companies across multiple channels, over time. This includes data from website

(pages viewed, forms submitted, etc.), CRM (demographic information, account-level information, etc.) call center (call reason, call issue, handling time), e-commerce and point-of-sale systems (transaction value, product selection etc.), email (sent, opened, clicked) and many other sources.

Once you've discovered the most important journeys, the next step is to deliver personalized experiences using your existing marketing tools based on each customer's individual behavior. The unique engagement needs of each individual customer can be met by defining triggers at key points of the most important journeys to enable engagement through the optimal touchpoint using your existing marketing stack.



# An Insurer Benefits from Customer Journeys

**An insurance company did a deep study of customer journeys and found a major operational inefficiency in the way it handled the claim filing process for customers who suffered an automobile accident.**

The process of filing claims was long and tedious, with a number of lengthy interactions required with the loss adjuster. This led to high customer dissatisfaction, so the insurer invested the time to understand and analyze their customer's journey.

To resolve this customer experience hurdle, they created a new mobile app, which reduced the time to complete the entire claim filing

process to a matter of minutes. The app sends messages to customers, updating them on the status of their claim and providing real-time processing and cash payout. The insurer even went a step further and enabled customers to directly make appointments with repair shops using the app.

The insurer found that taking care of a distressed customer in the wake

of an accident was an opportunity to build loyalty and reduce claims payouts by recommending preferred repair services. Providing customers with a better experience over their entire journey—from identifying the cause of damage to finding a repair provider to paying the bill—provided a valuable point of differentiation in an industry where differentiation is hard to achieve through products alone.

# L'Oréal's Personalization App Drives Millions Of Users

An article in the Harvard Business Review describes how L'Oréal effectively employs personalization through its Makeup Genius app.

It lets customers apply makeup virtually by utilizing technology to photograph a customer's face and analyzing it to reveal which products and shades would look best on a particular face. Customers can then buy the product instantly online or order it and pick it up from a store.

According to the authors, "L'Oréal has created an enjoyable experience that quickly and seamlessly leads the customer along the path from consideration to purchase and, as the degree of personalization increases, into the loyalty loop. With 14 million users already, the app has become a critical asset both as a branded channel for engaging with customers and as a fire hose of incoming information on how customers engage."



BY MAKING EXPERIMENTING, SHARING, AND PURCHASING SEAMLESS AND FUN, THE COMPANY IS ROLLING OUT A HIGHLY STICKY JOURNEY THAT BUILDS LOYALTY TO L'ORÉAL PRODUCTS.

NORDSTROM  
rackNORDSTROM  
rack

## Nordstrom Uses Multi-channel Journey Insights to Acquire Millions of New Customers

**NORDSTROM RACK HAS EMERGED AS THE BEST SOURCE FOR ATTRACTING MILLIONS OF NEW CUSTOMERS TO THE NORDSTROM BRAND.**

Today's consumer purchase journeys are inherently multi-channel. So it's no surprise that omnichannel integration is the No. 1 priority for retailers in North America at the point of sale, according to a 2017 report from Boston Retail Partners and Manhattan Associates.

Nordstrom, for example, made a company-wide decision not to obsess over where a customer buys, as long as she continues buying from one or more of Nordstrom's many brands and channels.

Customers are loyal to experiences not channels, according to James Nordstrom, President of Stores. "We don't hear customers talk about channels very much. Customers

value experiences, and so the more successful we're at in creating a great shopping experience, no matter how they're choosing to shop, I think the better our business will be."

As a result, Nordstrom leverages its entire, cross-channel customer journey to accelerate new customer acquisition: "The Rack business now represents our biggest source of new customers, attracting around four million in 2014." Nordstrom explained that "the Rack also serves as an entry point to the Nordstrom brand providing opportunities for customers to cross-shop. For example, last year, we had one million Rack customers start to shop at our full-line stores or nordstrom.com for the first time."

# A Leading Teleco Uses Customer Journey Analytics to Improve Customer Retention

Customer churn is particularly troubling for the telecom industry due to slim margins and saturated markets. At any point in the customer journey, telecom customers are only a click away from switching to a competitor if they are not happy with the level of customer service provided.

Telecom companies are now using customer journey analytics to pinpoint problem areas such as customer care calls and analyze how to improve them or provide alternatives via self-help methods. This has resulted in improved NPS (Net Promoter Scores) and lower cost to serve.

As described in Deloitte's *2017 Retail, Wholesale, And Distribution Industry Outlook Report*, a leading US-based wireless provider used customer journey analytics to determine the probability of a customer calling in for a certain support issue across all online support channels. Agents now proactively know what issues need to be resolved, how the subscriber tried to address the issues, and how best to deliver an improved customer experience.

After operationalizing customer journey analytics, the time customers spent in the interactive voice

response unit (IVR) decreased by 67 percent. This had a positive impact on customer satisfaction index (CSAT) and customer effort (CES) scores, customer retention rates and top-line revenue. According to Deloitte, a one-half of one percent increase in customer churn or retention is worth an estimated \$1.3 billion in revenue to this telecommunications company. In addition, the company reduced call center volumes by 30 percent which saved 15 dollars per call without negatively impacting service levels.



# Starbucks Uses Customer Behavior to Attain Threefold Improvement in Email Response Rates

CASE STUDY

**STARBUCKS HAS BEEN LEADING THE WAY IN INTEGRATING DISPARATE TECHNOLOGIES TO PROVIDE A CONSISTENT CUSTOMER EXPERIENCE WORLDWIDE AND SIGNIFICANTLY INCREASE MARKETING ROI IN THE PROCESS.**

Starbucks has made changes to everything from their rewards program to food and drink suggestions. Their martech stack spans the entire

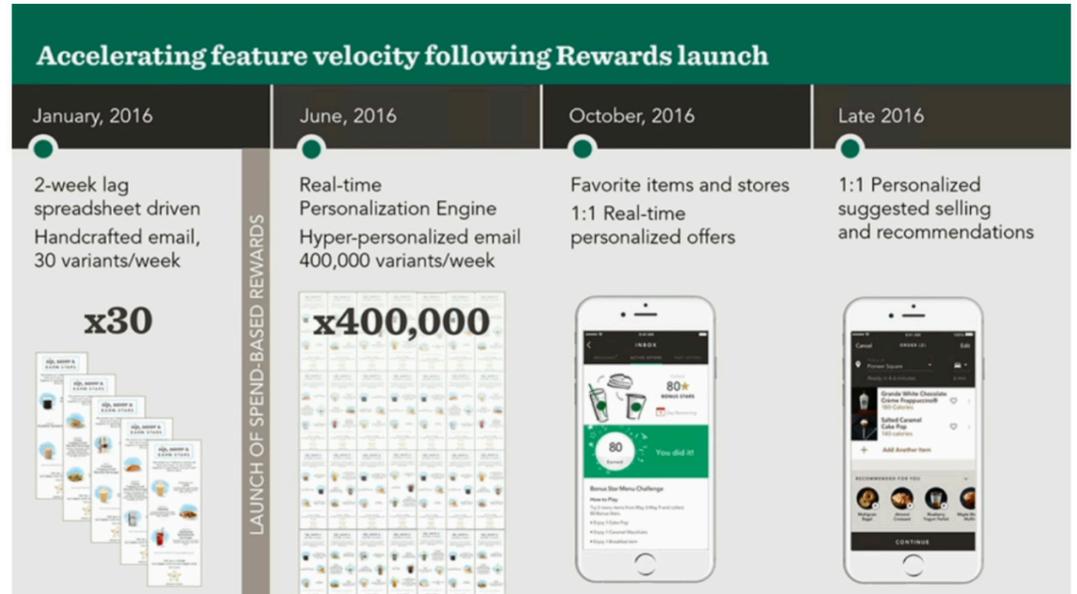
customer journey and takes into account everything from individual product preferences and weather data to buying patterns and even incorporates third-party information. They redesigned their email program to automatically create 400,000 personalized versions of emails every week, leading to a threefold improvement in response rates.





**“EACH EMAIL,” SAYS GERRI MARTIN-FLICKINGER, STARBUCKS’ CHIEF TECHNOLOGY OFFICER, “IS UNIQUELY GENERATED BASED ON EVERY INDIVIDUAL CUSTOMER’S BEHAVIORS AND ANTICIPATED BEHAVIORS.”**

The real-time personalization engine uses a lot of different inputs. Some of those are very specific to the individual, like their preferences, their buying patterns, but others are very contextual, like weather...or third-party data that gives us information that may be helpful to our algorithm... This tends to drive up ticket and transactions.”



# Customer Journey Analytics Use Cases



## CUSTOMER JOURNEY ANALYTICS USE CASES

# A Retailer Uses Customer Journey Analytics to Reduce Online Cart Abandonment

To illustrate how customer journey analytics can yield actionable results, picture yourself as a marketer at an online retailer of women's clothing who's been asked to reduce your cart abandonment rate.

**Using customer journey analytics, you start by selecting a timeframe and seeing how many customers viewed any item and added it to their cart.**

In just a few seconds, you can discover how many of those customers actually bought the item afterwards versus how many abandoned their online carts.



**USE CUSTOMER JOURNEY ANALYTICS TO QUICKLY FIND OUT HOW MANY CUSTOMERS ABANDONED THEIR CARTS.**

Next you run an experiment by sending an email to anyone that adds an item to their online cart, but doesn't complete the purchase within 24 hours. The email contains offers on related products that the customer may not have been aware of.

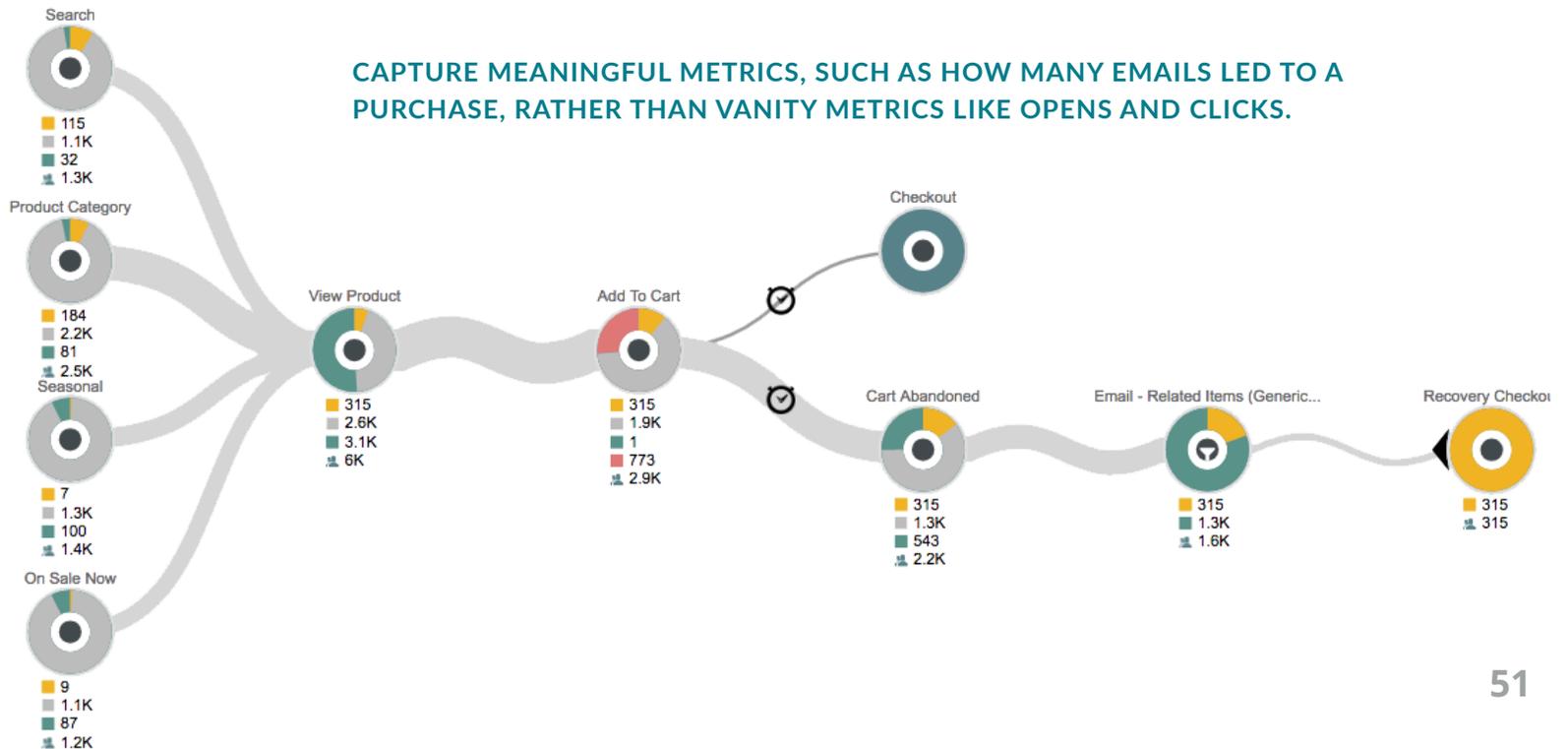
In a day or two you check back and assess the experiment. It seems you saved 315 customers that would have abandoned their cart, if you hadn't engaged with

them 24 hours afterwards with a relevant and timely offer. While the results are impressive, you're not satisfied and want to find additional ways to reduce cart abandonment. You want to better target your offer based on something you can learn from the customer's behavior prior to putting a product in their cart.

Using machine learning, you quickly sift through millions of customer interactions

to find the most significant paths customers took prior to putting a product in their cart. In a few seconds you determine the most significant paths are using the 'site search', browsing a 'product category' page, browsing the 'seasonal' items page and browsing the 'on sales now' page. Analyzing the expanded journey reveals that the first email is only working with those customers that were either searching or browsing for product (see figure below).

**CAPTURE MEANINGFUL METRICS, SUCH AS HOW MANY EMAILS LED TO A PURCHASE, RATHER THAN VANITY METRICS LIKE OPENS AND CLICKS.**



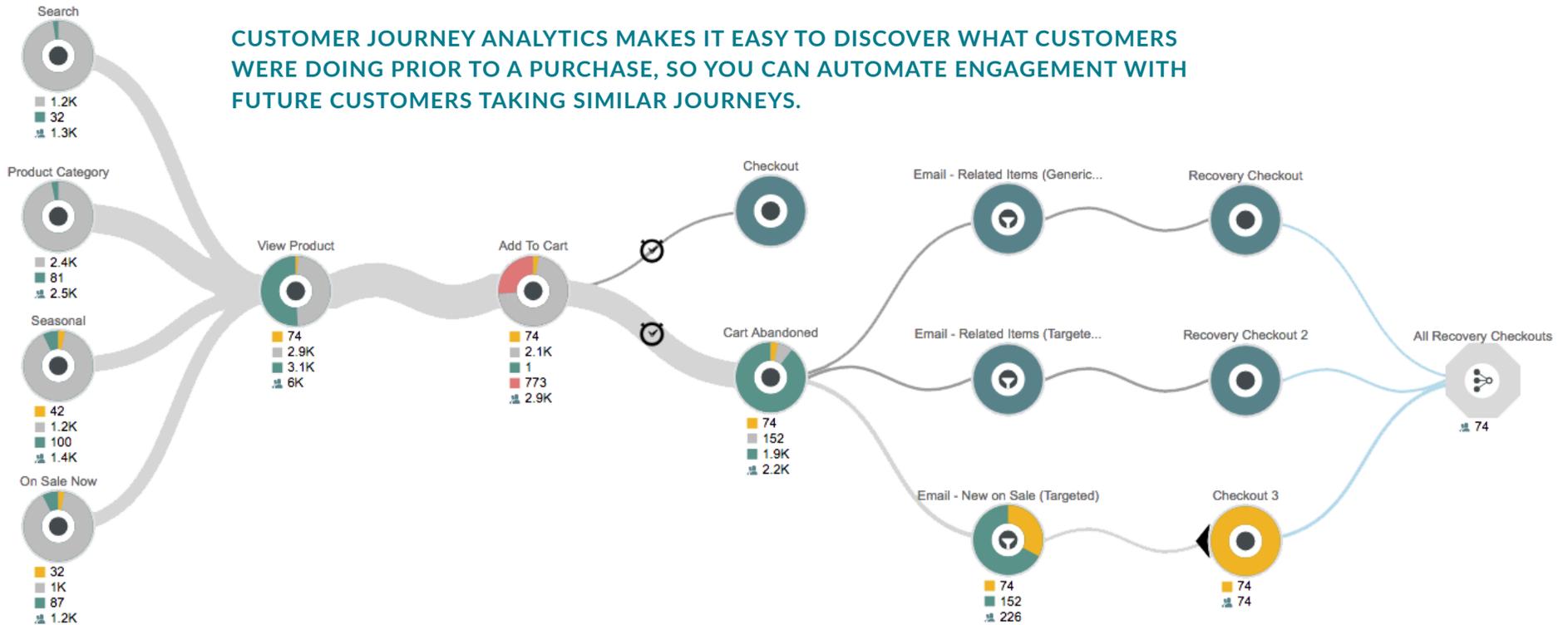
The next experiment you create is an email targeting those customers that came from the on-sale and seasonal items pages. In a few days you check back and find you saved another 74 customers from abandoning their cart through an offer based on their individual behavior.

Based on the success of your experiments, the next step is to

automate these successful interactions for future customers with similar behavior. So, you create a trigger that automatically adds future customers who abandon their carts to the appropriate campaign in your marketing automation system.

After automating engagement going forward, you create dashboards to monitor the results over time.

**CUSTOMER JOURNEY ANALYTICS MAKES IT EASY TO DISCOVER WHAT CUSTOMERS WERE DOING PRIOR TO A PURCHASE, SO YOU CAN AUTOMATE ENGAGEMENT WITH FUTURE CUSTOMERS TAKING SIMILAR JOURNEYS.**



## CUSTOMER JOURNEY ANALYTICS USE CASES

# Customer Journey Analytics Helps a Telecom Company Understand Self-help Effectiveness

**Improving customer experience is a big business goal for telecom companies. They want every customer interaction to be simple and convenient for the customer.**

Let's say you are part of the CX team at a major telecom company. You have identified improving online self-help mechanisms (Help Forum, Web Chat and Web Support Articles), by resolving

issues more quickly and thereby reducing call volumes, as an important step for attaining your goal of improved customer experience. In this way, you hoped to increase net promoter scores (NPS), reduce customer churn and lower costs to serve.

Using customer journey analytics, you can understand and improve the effectiveness of your self-help channels.

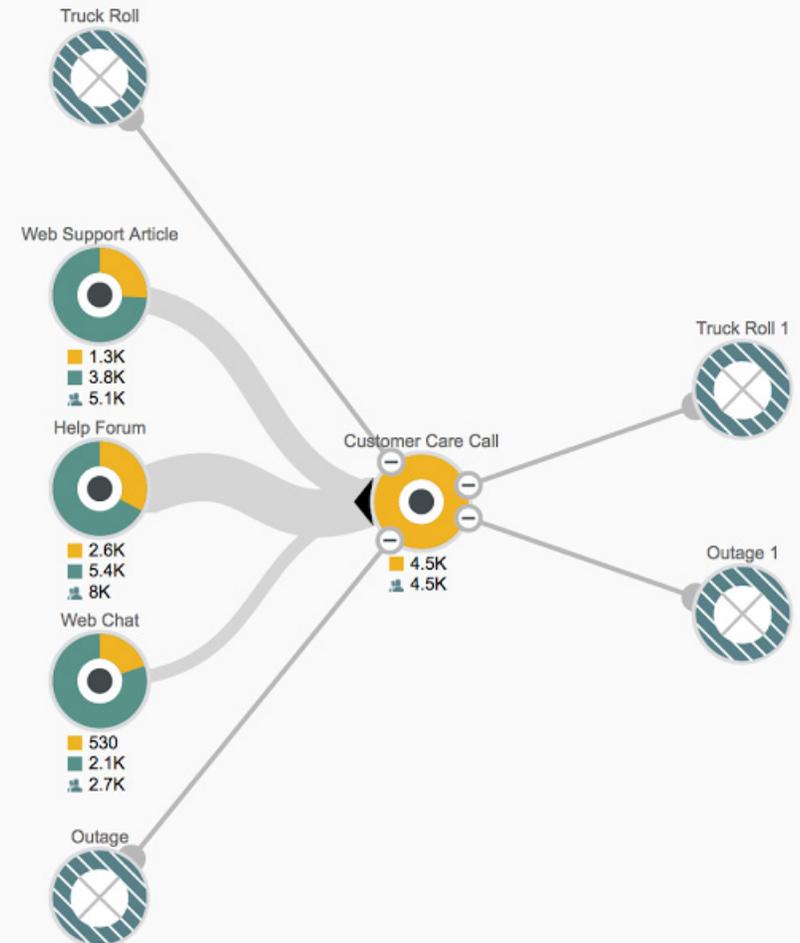
Since your aim is to discover how many (and which types of) customers ended up

in the call center, the starting point of this discovery process is the customer care call. After eliminating for technical issues like truck rolls and outages, customer journey analytics helps you discover the paths that led from the three main channels of the Help Forum, Web Chat and Web Support Articles, to the customer care center. Within minutes, you have identified the Help Forum as driving the highest volume of customers as well as having the highest rate of failure in resolving the issue.

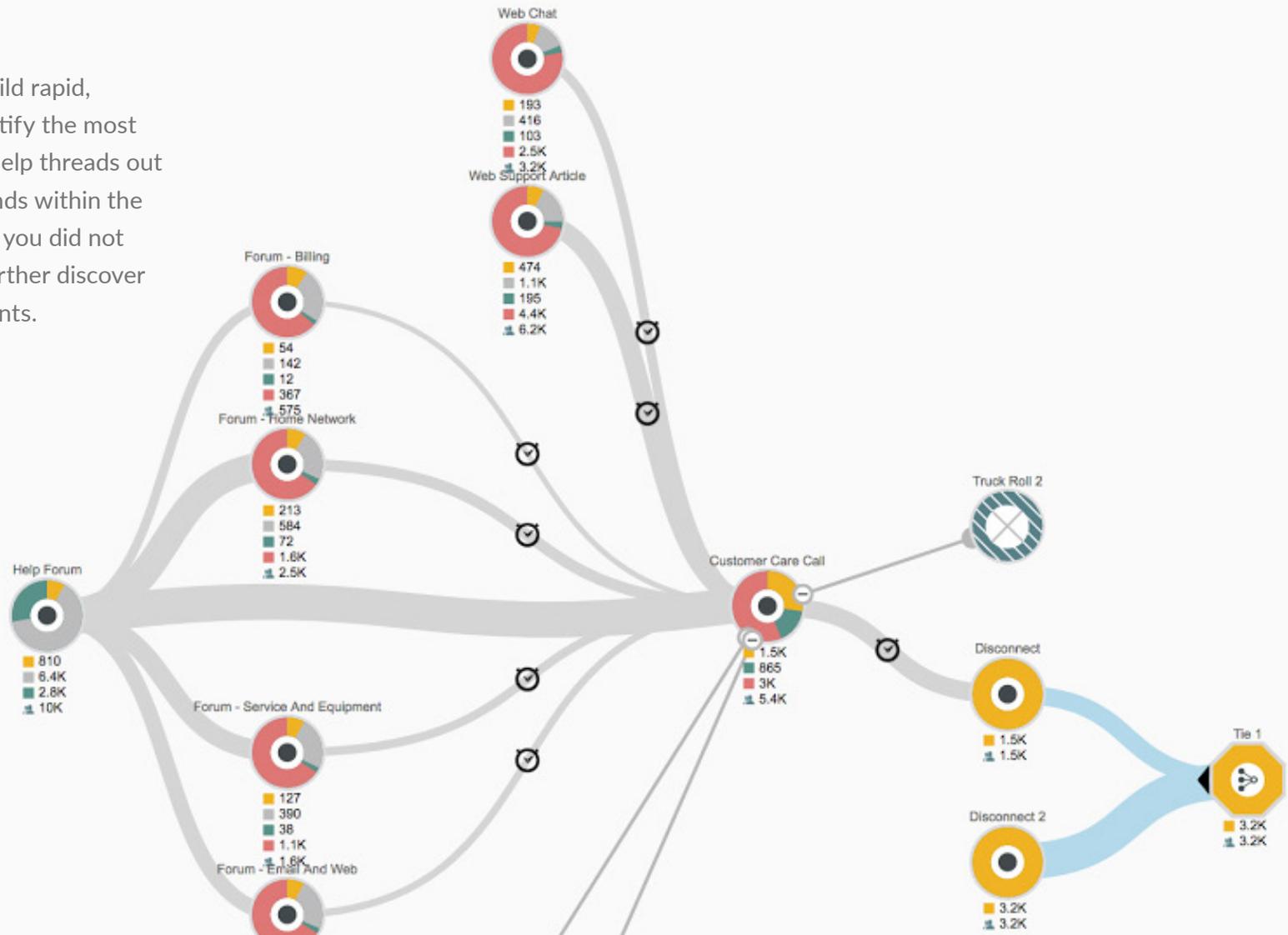
Using machine learning algorithms, customer journey analytics helps you discover customer behavior to identify the most frequent and predictive paths that customers took after participating in each of the self-help mechanisms.

This is the key to unlocking the primary customer failure points and areas most in need of improvement within the Help Forum.

Moreover, you are now able to connect these failure points to customer churn and see how many customers went on to disconnect the service, as well as view the aggregated revenue loss associated with each failure point. With these views you now have the ability to prioritize improvement initiatives.



Your team is able to build rapid, custom metrics to identify the most commonly failing self-help threads out of hundreds of thousands within the Help Forum—an ability you did not have before—and to further discover the costliest failure points.



# Conclusion

Today, leading companies are increasingly thinking in terms of end-to-end customer journeys and using customer journey analytics to understand behaviors and shape experiences.

This is leading to differentiation from competitors, higher customer satisfaction scores, better return on marketing investment, increased upsell/cross-sell and ultimately higher revenue.

**The importance of customer journey analytics will only continue to grow.**

It will be at the heart of marketing and customer experience efforts, as organizations look to continuously improve their understanding of customers and influence their behavior in an ever-more connected world.

# References

## 1. MCKINSEY ARTICLE – FROM TOUCHPOINTS TO JOURNEYS: SEEING THE WORLD AS CUSTOMERS DO

<http://www.mckinsey.com/business-functions/marketing-and-sales/our-insights/from-touchpoints-to-journeys-seeing-the-world-as-customers-do>

## 2. CMSWIRE ARTICLE - GARTNER REPORT HIGHLIGHTS EMERGING CUSTOMER JOURNEY ANALYTICS MARKET

<http://www.cmswire.com/customer-experience/gartner-report-highlights-emerging-customer-journey-analytics-market/>

## 3. MCKINSEY ARTICLE – THE THREE CS OF CUSTOMER SATISFACTION: CONSISTENCY, CONSISTENCY, CONSISTENCY

<http://www.mckinsey.com/industries/retail/our-insights/the-three-cs-of-customer-satisfaction-consistency-consistency-consistency>

## 4. CUSTOMERTHINK ARTICLE - HERE'S PROOF FROM FORRESTER THAT CX DRIVES REVENUE. AND 3 CAUTIONS THAT IT MAY NOT

<http://customerthink.com/heres-proof-from-forrester-that-cx-drives-revenue-and-3-cautions-that-it-may-not/>

## 5. GARTNER BLOG POST – CUSTOMER JOURNEYS ARE DISCOVERED, NOT CREATED

<http://blogs.gartner.com/jake-sorofman/customer-journeys-are-discovered-not-created/>

## 6. MCKINSEY ARTICLE – PUTTING CUSTOMER AT THE HEART OF NEXT-GENERATION OPERATING MODELS

<http://www.mckinsey.com/business-functions/digital-mckinsey/our-insights/putting-customer-experience-at-the-heart-of-next-generation-operating-models>

## 7. HARVARD BUSINESS REVIEW ARTICLE – COMPETING ON CUSTOMER JOURNEYS

<https://hbr.org/2015/11/competing-on-customer-journeys>

## 8. DIGINOMICA ARTICLE – OMNICHANNEL IS ABOUT CUSTOMERS, NOT CHANNELS, AT NORDSTROM

<http://diginomica.com/2015/08/14/omni-channel-is-about-customers-not-channels-at-nordstrom/>

## 9. GARTNER BLOG POST – CMO SPENDING IS ON THE RISE (AGAIN)

<http://blogs.gartner.com/jake-sorofman/cmo-spending-is-on-the-rise-again/>

## 10. GEEKWIRE ARTICLE – HOW STARBUCKS IS USING ARTIFICIAL INTELLIGENCE TO CONNECT WITH CUSTOMERS AND BOOST SALES

<https://www.geekwire.com/2016/starbucks-using-artificial-intelligence-connect-customers-boost-sales/>

Net Promoter, Net Promoter System, Net Promoter Score, NPS and the NPS-related emoticons are registered trademarks of Bain & Company, Inc., Fred Reichheld and Satmetrix Systems, Inc. All other trademarks are the property of their respective owners.



## Discover and Influence Your Customers' Journeys

Pointillist makes it easy for marketers and CX professionals to uncover and optimize the journeys that matter to your customers, so you can improve marketing and customer experience results and impact the KPIs that matter most to your business.

- Quickly understand customer behavior across all touch-points & channels over time
- Uncover and predict high-impact customer journeys
- Drive personalized, multi-channel customer experiences

Unlike other marketing analytics solutions, Pointillist lets you connect the dots between customer interactions and business goals in seconds, rather than days or weeks. By using machine learning to reveal high-impact journeys and predict likely behavior, Pointillist is like having a personal data scientist that's always on call.

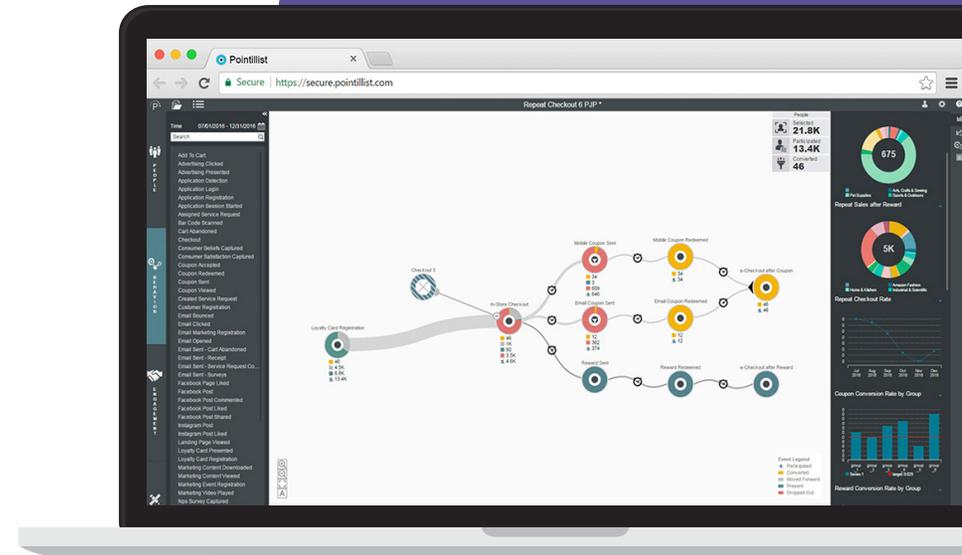
## Contact Us

321 Summer Street

Boston, MA 02210

1-888-MYJRNYS (1-888-695-7697)

[info@pointillist.com](mailto:info@pointillist.com)



**SCHEDULE MY DEMO**