

DATA-DRIVEN CX FOR LARGE ENTERPRISES: THE ROLE OF CDP IN REDUCING COMPLEXITY AND CREATING LOYAL CUSTOMERS

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This report observes how using CDP influences CX program results. It also highlights the three key building blocks companies must establish to maximize the ROI from their CDP investments.

Challenges in Managing CX Data Drive CDP Investments

Data is a key ingredient for all modern customer experience (CX) programs. Even the most cutting-edge technologies and processes only work when companies have the right data at the right time and, most importantly, use it in the right way. While most firms have a wealth of data, they struggle using this data to achieve their CX goals — particularly true for large firms as well as their mid-market peers – see sidebar.

Large firms typically have more customers, which means they collect more data related to interactions with these buyers, and tend to have more complex relationships with each buyer. Such complexity reflects itself in their data management activities. In early 2020, Aberdeen surveyed 405 leaders from businesses around the globe, across all industries, and at companies of all sizes regarding the key trends and best practices influencing CX programs. Findings revealed that **76% of large and mid-market firms** (from hereon also referred as ‘larger firms’ or ‘large firms’) **struggle using data to achieve their CX goals**.

When asked about the top reasons why they struggle using data to achieve their goals, large firms cited the challenges listed in Table 1.

Table 1: Top Five Challenges Impacting the Ability to Build and Manage a Data-Driven CX Program

Top Data Management Challenges (n=405)	Large Firms
Data quality (data is 'unfit' for its intended use in planning and execution)	36%
Insufficient data	35%
Disparate data sources and systems make it difficult to have a unified view of customer data	31%
Lack of technologies needed to manage data	29%
Lack of skilled human resources needed to manage data	28%
Lack of budget to properly fund activities & technologies to manage data	21%

Source: Aberdeen, September 2020

Note: Firms may face multiple challenges impacting their customer data management activities. Because of that, respondents were allowed to select up to two challenges.

Definitions:

For the purposes of this research, Aberdeen uses the following definitions:

-CDP: a technology that stands at the intersection of systems of record (e.g., CRM, ERP, SFA) and systems of engagement (e.g., marketing automation, intelligent contact center platforms).

More specifically, a CDP platform allows businesses to connect known data across company systems such as CRM, ERP, contact center and e-commerce. It also allows enriching known data with unknown data such as website cookies, mobile ad IDs, intent data, etc.

-Large and mid-market firms: companies with at least \$100 million in annual revenue. These firms represented 47% of the participants within the CX survey referenced throughout this report.

Data quality is the number one challenge companies struggle with when using data in their CX (sales, marketing, service, and commerce) activities. This isn't surprising, as larger firms have a wealth of data available across multiple sources such as CRM, ERP, and e-commerce systems; but not all data is relevant for employees to do their jobs. As an example, marketing campaign click-through rates are invaluable for a marketing campaign manager. However, this data isn't relevant to help a contact center agent address a client issue. Firms must determine the type of data needed by individual departments and make it easy for employees across these departments to access these insights.

Findings from Aberdeen's survey, *CX Executive's Agenda 2020*, (March 2020), shed light on why empowering the right employee with the right data at the right time is critical. Data from this research shows that **on average, employees spend 17% of their time looking for the data they need to do their jobs.** Considering \$50,000 on average fully-loaded labor cost, a company with 1,000 employees spending 17% of their time looking for data incurs **\$8.5 million in unnecessary labor costs each year.**

Findings from the aforementioned CX survey showed that one out of two businesses use at least 10 channels (e.g., web, email, social media, text messaging, phone) to interact with their buyers. Considering the abundance of channels companies use in their CX activities, it's imperative for larger firms to integrate CX data throughout the business to eliminate fragmented views of customer journeys — third top challenge in Table 1 - and empower employees with the insights they need to do their jobs.

Further analysis of the CX data management challenges faced by larger firms proved that despite typically having more resources, they struggle with lack of relevant technologies to manage data. This, combined with lack of skilled employees (e.g., data scientists) who can help manage data, exacerbates the struggles depicted in Table 1. Hence, it's no surprise that **53% of larger firms have already implemented CDP** (see sidebar on page 1) with another 34% indicating that they consider doing so by 2022.

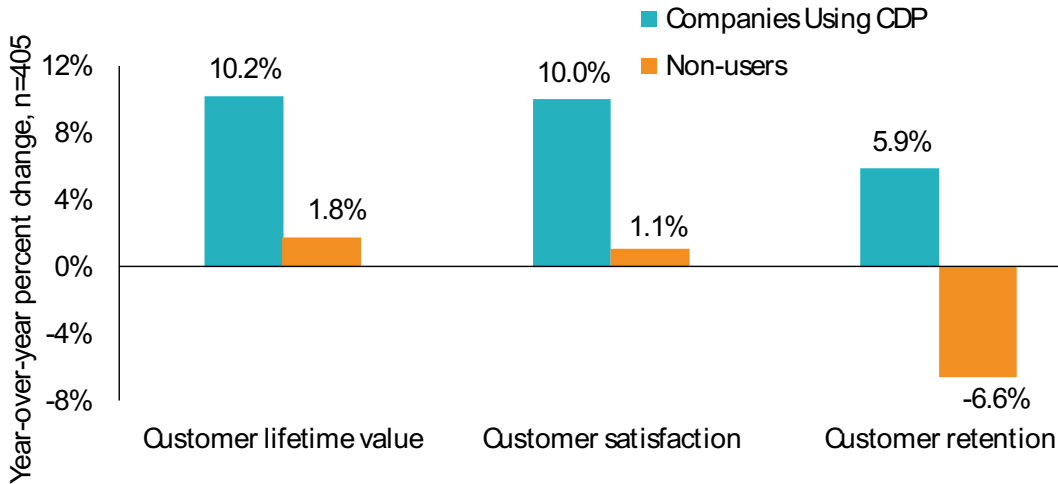
The ROI of CDP in CX Programs

Comparing the performance findings of larger firms using CDP to those not using one shows that there is a direct correlation between firms using this technology and alleviating the challenges noted in the prior section to achieve superior business outcomes. Improving key performance indicators (KPIs) such as customer satisfaction rates, customer retention, and overall client spend, is top-of-mind for almost all CX leaders. Figure 1 shows that CDP users accomplish far greater year-over-year (YoY) growth across those KPIs. Specifically, they enjoy **9.1x greater annual growth in customer satisfaction rates** (10.0% vs. 1.1%) and **5.7x greater annual increase in customer lifetime value** (10.2% vs. 1.8%) — the latter defined as the change in overall client spend during the course of the relationship with that buyer.

Determine the type of data needed by individual departments and make it easy for employees across these departments to access these insights.

It's imperative for larger firms to integrate CX data throughout the business to eliminate fragmented views of customer journeys and empower employees with the insights they need to do their jobs.

Figure 1: Companies Using CDP Enjoy Superior CX Results

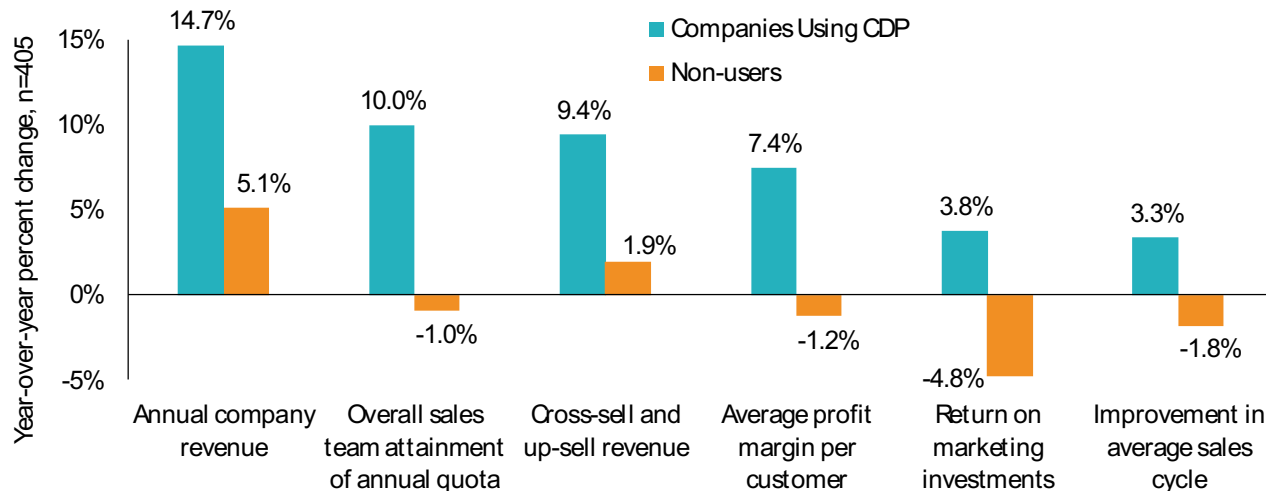


Source: Aberdeen, September 2020

CDP users outpace non-users across the above KPIs because integrating data across various sources to build a more comprehensive and accurate profile of each customer enables them to hyper-personalize their interactions and cater to the unique needs of each buyer. In turn, customers reward these businesses with their loyalty and spend. In fact, data shows when firms don't use CDP to build a unified view of customer data, they see a 6.6% erosion in their client base.

Better visibility into CX data also enables larger firms to reduce operational complexity when interacting with current and potential customers, which in turn helps streamline sales and marketing activities to boost financial results. Specifically, Figure 2 shows that **CDP users achieve 2.9x greater YoY growth in annual company revenue** (14.7% vs. 5.1%).

Figure 2: CDP Users Achieve Superior Financial Results



Source: Aberdeen, September 2020

Top-line revenue growth is fueled in numerous ways, including improving the effectiveness of marketing activities to raise brand awareness, influencing buyer

behavior, and retaining that spend over time. Figure 2 shows that **CMOs incorporating CDP within their CX technology toolbox achieve 3.8% annual improvement in return on marketing investments (ROMI)**, compared to a 4.8% worsening by those that don't. (ROMI is typically measured by marketing's contribution to company revenue, and hence serves as a metric that provides a quantifiable view of how marketing activities influence financial results.)

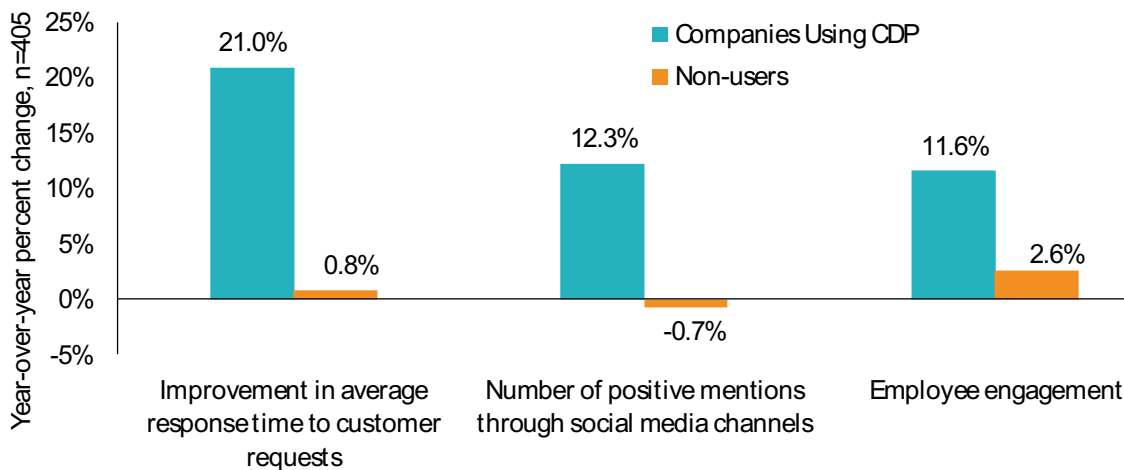
Another way companies fuel top-line revenue growth is by improving the effectiveness of their selling activities. Firms can do that in myriad ways, including shortening the time-to-sell (average sales cycle) and growing the quota attainment of sales representatives across the business. Figure 2 shows that larger firms that use a CDP enjoy significant performance improvements across both metrics while non-users report a worsening of their performance YoY.

Establishing a unified view of customer insights doesn't just impact the top-line revenue for larger firms, it also helps them grow their bottom-line. Larger firms report 7.4% annual growth compared to a 1.2% worsening reported by non-users of CDP. This finding signals that using **CDP also helps firms reveal inefficiencies in customer interaction processes that result in unnecessary costs**. Findings in Figure 3 show that CDP users improve (reduce) average response time to customer requests by a drastic 21.0% YoY by uncovering inefficiencies and addressing them.

The modern day CMO needs to demonstrate quantifiable ROI from all marketing programs.

Using a CDP allows the CMO to measure the precise impact of each marketing campaign in influencing customer spend as well as overall behavioral and sentiment data.

Figure 3: CDP Users Maximize Employee Engagement Rates



Source: Aberdeen, September 2020

Figure 3 also shows that CDP users enjoy 4.5x greater YoY growth in employee engagement rates (11.6% vs. 2.6%) — defined as a state of positive work-related attitude, characterized by high levels of energy, emotional commitment, and satisfaction derived from the work itself which in turn boosts employee productivity and performance outcomes. Considering our earlier analysis on 17% of employee time spent looking for information, this finding on CDP users achieving superior employee engagement rates reveals that **firms using CDP**

make it easier for employees to do their jobs — resulting in superior engagement levels across their workforce.

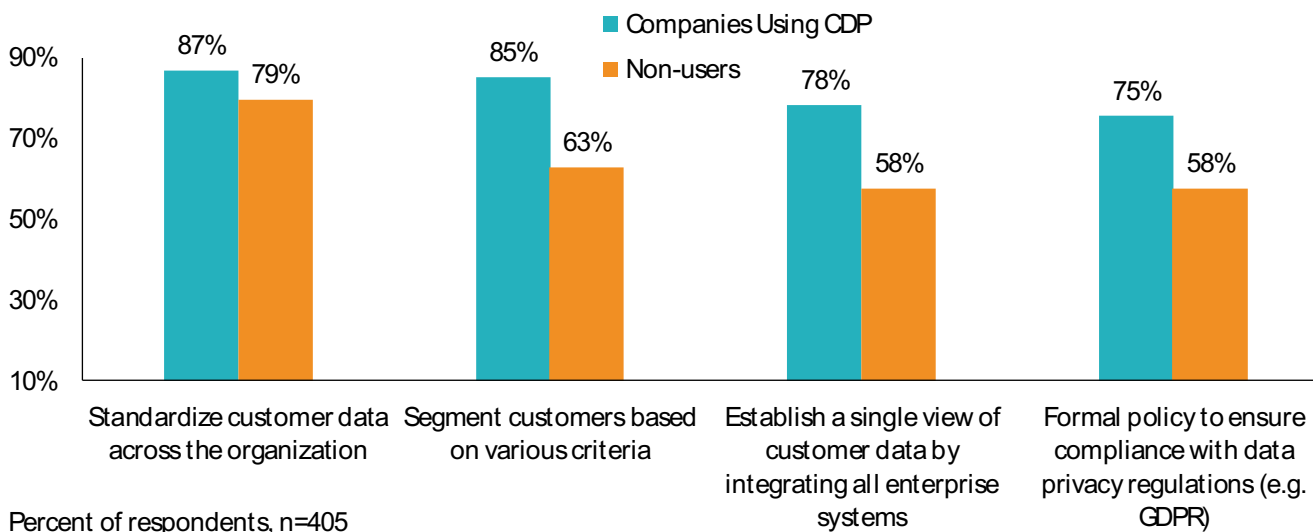
Building Blocks to Maximize ROI from CDP Investments

Comparing the characteristics of larger firms using a CDP to those that don't reveals that CDP users incorporate three sets of key capabilities to boost their ability to use unified CX insights.

1. Segment CX Data to Reveal Hidden Insights Influencing Buyer Behavior and Sentiment

First among the three sets of capabilities used more widely by CDP users is building a process to ensure that data from all relevant sources is seamlessly integrated for a comprehensive view of customer journeys. To do so, as Figure 3 shows, firms standardize customer data throughout the business. This refers to capturing data across multiple departments, geographies, and product lines in a standard fashion so it's easier for the CDP to identify data relevant to unique customer profiles. While non-users also understand the importance of standardizing data to make it easier to connect CX insights, they fall behind larger firms using CDP when it comes to actually integrating data across various sources. To this point, Figure 3 shows that **CDP users are 34% more likely to build and maintain a unified view of CX data** (78% vs. 58%).

Figure 3: Segment Customer Data and Build Journey Maps to Truly Understand Customer Needs



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

Fragmented views of customer data make it more difficult for employees across all departments to deliver personalized customer interactions while ensuring consistency across all channels and business departments. Because CDP allows firms to build unique profiles for each current and potential buyer, firms using this technology are better positioned to deliver hyper-personalized interactions through a unified view of CX data.

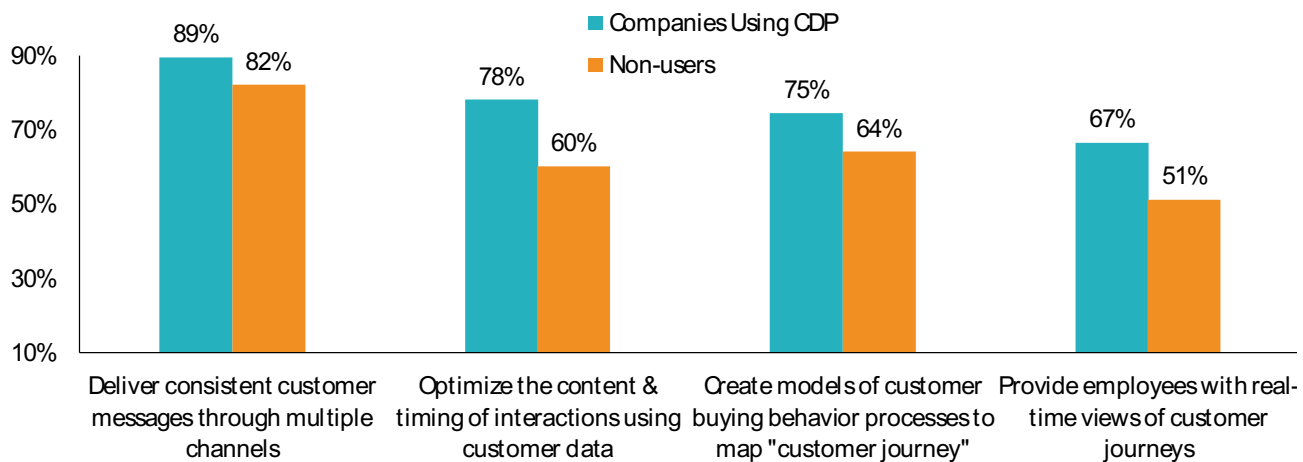
To get the most benefit out of unified CX insights, Figure 3 shows that CDP users segment data based on various criteria, such as demographics, previous spend, and loyalty. Segmentation uncovers hidden trends and correlations influencing customer behavior and sentiment. For example, segmenting to determine the attributes between clients who stopped doing business with the firm reveals the common elements in their journeys. By uncovering the root-causes of customer churn, CX leaders can address these specific issues. Similarly, segmenting to identify the most profitable clients helps reveal their common attributes. Marketers can use this data to target potential buyers through tailored programs to increase the likelihood of winning these potential high-profit clients.

An important factor companies must consider when managing CX data is compliance with data privacy regulations. There's an increasing number of regulations (e.g., [GDPR](#), [CCPA](#), [HIPAA](#)) governing how companies can utilize CX insights. Data shows that larger firms using CDP are 29% more likely to have a dedicated process to ensure compliance with such regulations. These processes not only minimize the risk of unnecessary costs due to potential litigations, but they also help build and maintain customer trust.

2. Go Beyond Connecting Data — Start Using Data to Hyper-Personalize Customer Interactions

Besides establishing a unified view of customer data and segmenting to uncover hidden trends and correlations, **CDP users also act on the insights they glean by analyzing unified CX data.** Specifically, Figure 4 shows that 89% of larger firms currently using CDP deliver consistent messages to their current and potential customers across all interaction channels.

Figure 4: Don't Just Focus on Data Availability; Act on Connected Customer Insights



Percent of respondents, n=405
Source: Aberdeen. September 2020

Segmenting unified CX insights is highly beneficial for business leaders across the entire business.

It's important to make it easy for each department to access relevant insights to enable decision makers with the right information needed to succeed across all aspects of managing customer journeys.

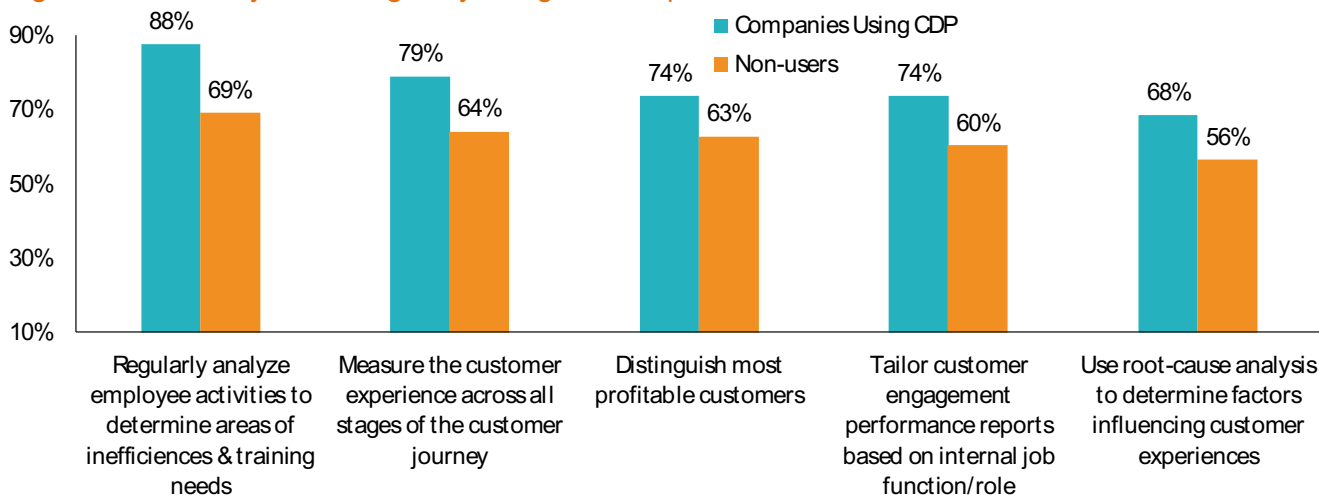
Having a unified view of customer insights allows firms with CDP to bring contextual awareness to each conversation, ensuring the consistency of customer interactions. In fact, Figure 3 reveals that CDP users are 31% more likely to provide human employees (e.g., marketers, sales reps, contact center agents) and digital employees (chat bots) with real-time views of CX data.

While consistency makes up one aspect of hyper-personalizing customer interactions, the other is tailoring each interaction to address the unique needs of each buyer. That's done by using unified CX data to adjust all elements of conversations — content, timing, and messaging. Data shows that CDP users are 30% more likely to have this capability in place (78% vs. 60%). Because customer behavior evolves rapidly, it's important for firms to build dynamic views of customer journeys using unified CX insights. This personalizes each conversation to address the most recent needs of current and future buyers. Figure 3 shows CDP users are 17% more likely to have this capability in place (75% vs. 64%). While three out of four CDP users are already mapping customer journeys, we recommend those that don't to start the implementation process, as it helps further improve the ROI they observe when using CDP.

3. Regularly Evaluate Your Performance to Continuously Improve Your Use of Customer Insights

The two sets of building blocks covered thus far enable larger firms to unify CX insights across all sources and act on resulting insights. However, how will firms gauge if their use of CX data is effective enough to help them achieve their goals? That's where analytics comes in. By using analytical tools — combined with artificial intelligence (AI) capabilities such as machine learning — firms can implement the activities in Figure 5 in order to regularly gauge the precise impact of their activities and continuously improve them.

Figure 5: Use Analytics to Regularly Gauge and Improve Performance



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

When building customer journey maps using unified CX data, make sure to regularly update these journey maps.

Customer behavior evolves rapidly, and journey maps must be reflective of this evolution. CDP enables CX leaders with the tools to make it easier to build and maintain dynamic journey maps.

CX leaders often aim to achieve various objectives simultaneously. For example, they aim to retain current clients while growing spend of existing buyers, which improves marketing campaign response rates, shortens the sales cycle, and reduces customer effort in service interactions. Figure 5 shows that **larger firms are 21% more likely to use root-causes analysis to determine the factors influencing successes or failures when managing customer interactions.** This in turn allows them to pinpoint specific activities across the customer journey that allows the business to achieve desired results and reveals areas of improvement.

CDP users are 23% more likely to measure their activity success throughout the customer journey (79% vs. 64%), while being 23% more likely to provide such analysis in a tailored format for each job function (74% vs. 60%). For example, providing the CMO with only relevant insights such as marketing campaign response rates; the Head of Sales with sales team attainment of quota, forecast accuracy, and deal size; and the Service Leader with insights such as first contact resolution rates and customer satisfaction.

Data also reveals that CDP users go a step further and use the insights gleaned from the aforementioned analysis to gauge employee proficiency in using CX data within specific activities. This is important because while CX leaders may need to improve certain activities to achieve desired results, they also need to make sure that employees are conducting the activities (e.g., handling a support request for a product return) in an effective manner. Uncovering gaps in employee knowledge and skills through this analytical process and providing employees with tailored training and coaching programs allows larger firms to boost workforce productivity. Hence, it's no surprise that CDP users enjoy far superior annual growth in employee engagement rates.


Also important to note here is that larger firms have a wealth of data they need to analyze in order to implement the activities within this third building block. Data shows that larger firms using CDP are also 29% more likely to use AI capabilities to help them automate this analytical process and use algorithms that adapt to changing customer behavioral needs (45% vs. 35%). Indeed, even CDP users without AI capabilities indicate that they consider implementing AI capabilities to help them with their CX data management activities.

Key Takeaways

Aberdeen's research shows that eight out of ten larger firms currently struggle with using data to achieve their CX goals. There are numerous reasons why firms are challenged with use of data — among the top reasons CX leaders cite are fragmented views of customer insights, poor data quality, and lack of relevant technologies and human resources to effectively use data. Business leaders across larger firms have a clear understanding of the results they can achieve by improving their ability to use CX insights. In turn, 53% have invested in CDP to address challenges when using CX data with another 34% considering following suit until the end of 2022.

Incorporate analytics and AI within your activities to get the most out of unified CX data through CDP.

Larger firms with CDP are 29% more likely to enrich their activities with AI capabilities.



Despite typically having more resources to invest, larger firms also have a more complex operating environment where they use numerous technologies to support their activities. As such, they carefully evaluate how a new technology would influence their business activities. Findings from Aberdeen's latest CX survey indicates that those currently using CDP achieve far superior results in improving KPIs indicative of success in CX, financial success, and operational efficiency. For example, larger firms using CDP report 9.1x greater YoY growth in customer satisfaction rates, 2.9x greater YoY growth in annual revenue, and 4.5x greater YoY growth in employee engagement rates.

While larger firms clearly benefit by incorporating CDP within their CX technology toolbox, it's important to remember that the returns from any technology investments are maximized by using technology in combination with the right best practices. To this point, analyzing which capabilities larger firms with CDP utilize to support their activities revealed that there are three sets of key capabilities (each one with several unique activities) that help firms maximize ROI from investing in CDP:

- [Segment CX data to reveal hidden insights influencing buyer behavior & sentiment](#)
- [Go beyond connecting data - start using data to hyper-personalize customer interactions](#)
- [Regularly evaluate your performance to continuously improve use of customer insights](#)

If you're not currently using CDP to support your CX data management activities, we highly recommend you observe the performance results reported by firms using CDP and consider how your performance may be influenced by unifying customer insights within your business. We also highly recommend that you follow the three-step framework when you start adding CDP within your CX technology toolbox.

If you're currently using CDP but aim to further improve your results, determine, from the set of capabilities above, which activities you aren't currently utilizing. Once you identify those activities, we recommend prioritizing them by their benefits and by the time and resources you will use to implement them. Building such a priority framework allows you to continuously improve your use of CDP by incorporating the capabilities that will have the greatest impact in improving your business outcomes.

Related Research

[*Intelligent Personalization: How Blending Data & AI Boosts Customer Engagement & Loyalty; June 2020*](#)

[*Digital Transformation in Retail And CPG: Manage Data to Get Hyper-Personalization Right; June 2020*](#)

[*The ROI of Operationalizing Data to Boost Customer Success Results; June 2020*](#)

[*Demystifying CDP for CX Leaders: Answering the 'What', 'Why' And 'How'; February 2020*](#)

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