



# Data, Insights, Action: Transforming the Customer Experience

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# Data, Insights, Action: Transforming the Customer Experience

Companies that are striving to become more customer-centric today face a multitude of challenges, from increases in online buying to changing customer expectations. In the face of these challenges, they are increasingly looking to digital resources to help them understand and ultimately transform the customer experience. But such transformation requires more than new ways of capturing, analyzing, and understanding data from consumer behavior. It requires new ways of internally consuming that research, deriving insights from it, and applying those insights.

Or to put it another way, it's not just what you learn about consumers; it's what you do with what you learn, and how nimbly you're able to do it.

This paper advocates for a new approach to delivering consumer data and insights within companies — an approach that makes it possible

to adapt and respond to changing market forces and new competitive pressures by fundamentally altering how people connect with data, learn from it, and share their knowledge with each other. This new approach is characterized by two inextricably linked components: 1) digital technology for collecting, analyzing, and acting on data insights and 2) deep cultural change that enables companies to extract the greatest value from that technology.

Some organizations are doing this successfully already — the “digital leaders that place a premium on internal collaboration, creating processes and teams that integrate various functions across the business and developing incentives for sharing,” as McKinsey & Company describes them.<sup>1</sup>

The stakes are high: When organizations are better equipped to glean, share, and act on customer insights from data, they're better prepared to deliver improved customer experiences. That's the difference between keeping customers engaged and loyal — and losing them to the competition.

Read on to learn about the strides in analytics technology that are helping turn data into insights today, and about the innovations in knowledge sharing that are helping turn those insights into action.

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**“Digital leaders place a premium on internal collaboration, creating processes and teams that integrate various functions across the business and developing incentives for sharing.”**

— KAREL DORNER AND JURGEN MEFFERT,  
MCKINSEY & COMPANY



# Transformation Starts with the Right Technology Stack

When it comes to the customer experience, the foundation for transformation is digital technology — specifically an insights technology stack that enables organizations to collect data, derive insights from it, and act on those insights to improve the customer experience.

## Building the Stack

Back in 2011, Geoffrey Moore — the author perhaps best known for *Crossing the Chasm: Marketing and Selling High-Tech Products to Mainstream Customers* — introduced the terms “system of record” and “system of engagement” to the business lexicon.<sup>2</sup> The former refers to an information system that contains data — a customer database in a CRM system, for example. The latter refers to a system that enables collaboration and engagement among the people in an organization, such as a platform for knowledge sharing. More recently, IBM came up with another term in this vein: system of insight.<sup>3</sup> That’s gained traction today as a term describing a system that delivers data analytics.

To glean more insights from the deluge of data, and

to see those insights successfully transformed into action, all three of these types of systems need to be in place.

- **Systems of record** deliver correct, reliable customer data from myriad sources.
- **Systems of insight** apply analytics to the data to derive insights from it.
- **Systems of engagement** provide collaborative tools to use to act on insights.

Systems of insight and systems of engagement respectively deliver advanced analytics to drive insights and collaborative platforms to drive interactions.

Organizations with such tools at their disposal find

themselves in an extraordinary position to “use customer analytics to extend their value and become strategic business partners.”<sup>4</sup>

## Beyond Data: What Makes Systems of Insight Essential

Customer insight starts with data, of course, in systems of record — but without analytics, it’s just that: data. As one global bank struggling with this issue told Forrester, we are “literally drowning in data and starving for insight.”<sup>5</sup> This is why systems of insight, driven by advanced analytics, have become so critical to marketers who want to realize the full transformative potential of all the information that’s available to them. Or, as a headline in *Computerworld* summed it up: “All your big data will mean nothing without systems of insight.”<sup>6</sup>

Systems of insight are the systems that constantly monitor and analyze the data pouring into organizations from so many sources today. It's this analysis that produces insights into opportunities and risks suggested by the data. In the past decade, big data analytics have gone mainstream, and as of 2021, 99% of Fortune 1000 companies were investing in data initiatives.<sup>7</sup>

However, many organizations still seem to struggle with successfully employing analytics technology

#### QUICK STAT

## Satisfaction with analytics functions in 2016 was only 46%.

and leveraging the resulting insights. Recent research from McKinsey found that only 42% of digitally native companies and 22% of traditional incumbents say that data are accessible broadly to frontline employees when needed.<sup>8</sup>

Those are worrisome data points. After all, it's the ability to successfully generate, share, and act on insights that makes data meaningful and valuable.

Which brings us to systems of engagement.

### Beyond Insight: What Makes Systems of Engagement Essential

A system of engagement can be something as basic as an email system for sending thoughts and ideas back and forth. But it can also be a more

sophisticated system that's designed expressly to enable people to interact with data insights and with each other in specific ways. Knowledge-sharing platforms serve this role in many organizations, fostering an ease of exchanging information about insights, and of using insights for collaborative decision-making.

Systems of engagement are vital to making timely decisions, especially when they bring together people and groups who might otherwise be segregated from each other in traditional organizational silos. That old organizational structure may account for much of the dissatisfaction such a large percentage of organizations report with analytics and insights. Noting that even though customer insights are vital, companies can't seem to produce them fast enough, CIO magazine has stated that:

"A big part of the problem is that everyone seems to be operating in silos and buying up technology independently of each other. At times, IT holds customer data hostage while marketing goes behind IT's back. The result: disconnected data and systems."<sup>9</sup>

**"A big part of the problem is that everyone seems to be operating in silos."**

— TOM KANESHIGE, CIO MAGAZINE

In traditionally structured environments, it can almost seem as if organizations are dealing not in systems of engagement but in systems of disengagement.

This is why technology that actively breaks down the barriers to collaboration and communication, by encouraging and enabling knowledge sharing, is so important.





# Transformation Takes More Than Technology

The right technology can put an organization on the fast track to turning data into insights and turning insights into action. But technology tools for analytics and collaboration do their best work when the organizational culture strongly supports data-driven decision making and open, cooperative workstyles. Organizations that simply bolt on new tools to business-as-usual practices and processes will inevitably be limited in how much they can accomplish. To derive the greatest benefit from technology, it's essential to first cultivate new ways of thinking about work.

## Encourage Data-Based Decisions

Forrester reports that “only 49% of business decisions are made using quantitative information and analysis — as opposed to subjective factors such as experience, gut feeling, or opinions.”<sup>10</sup> This isn't great news for anyone who's seeking out higher quality customer insights. “Go with your gut,” while perhaps good personal advice for those who tend to overthink things, is simply not the most effective way to get at the customer insights that are an insight team's bread and butter at work every day.

According to Deloitte, going on instinct can undermine organizations' efforts to use analytics successfully: “Standing in the way of adopting an analytic approach may be a corporate culture that encourages individuals to rely on their intuition and experience when making decisions.”<sup>11</sup>

But how do you change the culture to value data more? Data analytics company NGDATA went to dozens of business intelligence and marketing experts to ask just that. Among their responses:

- “For a data-driven culture to truly take hold, it must be accepted and fostered by the entire organization. Every group, from product to marketing, sales, engineering, and others, must recognize the value in a data and using it to improve on an iterative basis.”
- “Start leveraging the data your business has to guide evidence-based decision making. When data reinforces or, better yet, contradicts the gut feeling, the conversation around the importance of a data-driven approach is bound to begin.”

## QUICK STAT

**Only 49% of decisions are made using quantitative information and analysis — as opposed to subjective factors such as gut feelings.**





- “You need some quick wins based on data-driven results. When decisions are being made in meetings, you need to ask why people came to the decision they did... If it isn’t based on data, have them go back and find the data to back their decision.”
- “Ensure that every team member is on board with the technology your business is using. The entire team needs to be using the same platform (an integrated business system) with access to data from all departments.”
- “It’s important to remember that data does not drive the company. People are the drivers.”<sup>12</sup>

Whatever the strategies and tactics for changing the culture around data, they will succeed only if accompanied by strong executive backing. The Economist Intelligence Unit, which surveyed senior executives on the topic, suggests starting at the top to make change happen, with executive leadership that evangelizes for data, provides a “strong, value-based vision of what a data-driven culture could be,” and actively seeks to develop its own expertise in the area.<sup>13</sup>

### Make Collaboration a Mindset

The Economist Intelligence Unit’s survey findings also point to another enemy of data-driven decision making in organizations: “Data often exists in silos, for example, sometimes overseen by protective divisional heads.”<sup>14</sup> The executives NGDATA interviewed alluded to this, too, in comments about everyone needing to understand the value of data and to have access to that data. But it’s not about merely having access to data. It’s about interacting with it and sharing it, which leads to the second requirement for moving successfully from data to insights to action: collaboration.

The traditional silos that exist across organizations — in sales, marketing, and other sharply defined areas — present more than a structural challenge to sharing data, deriving insights from it, and taking action on it. These silos reflect a way of thinking in which individuals are conditioned to focus first on themselves and their own groups rather than to think more broadly and inclusively. And that can get in the way of achieving critical goals.

For example, Forrester is hearing from customer-insight professionals that “We’re leaving money on the table because our different analytics and insights teams work in silos.”<sup>15</sup> And as long as they do work that way, it will be difficult to plant the seeds of another way of doing things; you can’t expect people to start to work more collaboratively if work systems and processes don’t make it easy to do so. One thought is to use technology to break down the silos — centralizing analytics-driven insights and research in one source that’s accessible to all the different part of the organization, for example — in order to create an environment where it’s easy to share, cooperate, and collaborate.

The customer experience services company McorpCX counsels companies to “look at these functional or organization capabilities more as centers of excellence than silos, with each focused on their part of the customer experience. Under this structure, silos of any kind are transparent, integrated and porous.”<sup>16</sup> In the process of silos becoming more integrated, technology is the key to organizations capturing knowledge, making it readily accessible and shareable, and enabling people to act on it in a timely way to achieve business goals. It’s about creating an environment that offers new and better ways to connect, collaborate, and communicate in the service of meeting critical needs. That’s what the true digital workplace and the digital transformation it represents are all about.

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**“You can’t expect people to start to work more collaboratively if work systems and processes don’t make it easy to do so.”**

— CINNY LITTLE, FORRESTER

# A Data-Driven View of the Customer

With the right technology, organizational structure, and collaborative culture in place, today's customer-centric teams can be more productive and effective than ever at deriving insights from data and acting on them. The ultimate impact of their efforts is on the customer: When organizations successfully use data analytics and knowledge sharing to give everyone a broader, more comprehensive understanding of the customer, they create a strong platform for responding to changing customer demands and industry trends, thus delivering a more positive customer experience. Here are a few real-world examples of the benefits delivered.

## Case in Point: Doubling Customer Satisfaction

Based on customer insights, CX consultancy ClearAction worked with a division of a multinational corporation to shorten cycle times for delivering the organization's products. As a result, customer satisfaction increased from 36% to 77%.<sup>17</sup>

## Case in Point: Improving Problem Resolution

A bank established a Twitter account to address customer issues. With data flowing in from customers about their experiences, the bank used crowdsourcing and information sharing among employees to efficiently get the insights and information they needed to resolve problems.<sup>18</sup>

## Case in Point: Adding Top Line Revenue

After a U.S. insurance company collected data from mobile app customers, analytics quickly revealed that customers wanted to actually buy insurance using the app, not just get quotes. The company took action to add the option, adding top line revenue and improving the customer experience in the process.<sup>19</sup>



**Bloomfire is the leader in knowledge engagement, delivering an experience that connects teams and individuals with the information they need to do their jobs. Our cloud-based knowledge engagement platform gives people one centralized, searchable place to engage with shared knowledge and grow their organization's collective intelligence. For more information or to schedule a demo, visit [www.bloomfire.com](http://www.bloomfire.com).**

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