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Playbook:

How to future-proof your insights to improve revenue, profitability and customer loyalty

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Insights-driven organizations utilize deep understanding of their customers to grow revenue, profitability and customer loyalty. Customer insights are now a competitive differentiator. As more organizations adopt a customer centric mindset, insights are your best insurance policy against losing market share to customer-centric competitors.

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Get deep, contextual insights to drive CX decision making

Insights-driven organizations are capturing more of the market and growing revenue faster than any other organization.

Forrester estimated that in 2020, revenue at Insights-driven organizations was worth a combined $1.2 Trillion (up from $333 Billion in 2015). True customer insights are improving how organizations deliver their experience strategy.

As Forrester says, customer insights are now a "*competitive differentiator that will make or break your long-term success*".

Why do you need to future-proof your insights department?

1. Grow revenue
2. Acquire new customers (and keep them longer as customers)
3. Edge out competitors and win market share

Revenue

The impact customer insights has on growth engines is real. We've long known that brands with superior customer experience bring in 5.7X more revenue than competitors lagging behind in customer experience (Forbes).

Forbes surveyed executives from Fortune 500 companies and found, "81 percent of executives who see their organizations as customer-data-driven leaders, report increased revenue over the past three fiscal years, compared with 61 percent of those who have yet to fully engage with customer data analytics". LiveAgent also reports Insights-driven organizations were "112% more likely to have higher sales growth than their competition".

Customer Acquisition & Retention

Constant refinement of CX strategy has now made it much easier to know how and where to acquire new customers but also retain existing customers. Insights-driven organizations are growing revenue 8X faster than competitors without built-in insights capability (Forrester). As previously mentioned, insights-led organizations have massively grown revenue in just the past five years and now account for $1.2 Trillion in combined revenue.

One way they're achieving this is through new customer acquisition. Digital advertising was the go-to-market strategy of choice for decades. As CX has gone mainstream, there is now a strong expectation to deliver better overall experiences for potential customers early on in their journey.

Michael Scharff is a Founder, CEO and Forbes Council Member with 20+ years experience in the retail and ecommerce industry. He says, "Today, it's not how a brand gets a visitor's attention that matters, but whether they engage long enough to convert to a customer — and that comes down to consistently delivering a better customer experience (CX) throughout the entire journey" (Forbes).

Focusing on the needs of customers also improves your ability to retain customers for longer, growing long term revenue through increased lifetime value (LTV). Statista's market research found competition for US customers is strong in retail (online and general), finance, telecommunications and travel. Average churn across all industries in

the US market is currently 25% per annum (Statista). Delivering the best experience for customers on the other hand, reduces churn by 10% (CustomerThink). This is significant because a 2% increase in customer retention is the equivalent of increasing profitability by 10% (SuperOffice). Therefore, deeply understanding how to deliver the best experience for customers can potentially increase profits by 50%!

Edge out competitors and win market share

There are three key ingredients for success. The first is deeply understanding how CX delivery aligns with customer expectations. This knowledge will come from customer data already sitting in-house. The second is knowing how to respond and deliver the most suitable experience in a way that aligns with high level organizational objectives. Lastly, install closed loop processes where deep learnings of what works and doesn't work are made accessible to everyone.

What does future-proofing your insights look like?

Customer insights are an insurance policy for your organization's long term success. The challenge is how to leverage the insights team and all their available in-house customer data to maximum effect. The customer insights community has had time to develop. In 2015, enterprises were focused on quantitative measurement, analytics and big data. Now the focus is on making the most of all sources of customer data, both qualitative and quantitative, extracting deep insights and making them accessible across the organization. Everyone benefits from this new way of doing insights.

> **Deeply understanding how to deliver the best experience for customers has the potential to increase profits by 50%**

Insights-led Center of Excellence

The insights Center of Excellence (CoE) is a cross functional group responsible for delivering deep, contextual customer insights to their organization. To succeed, you'll need more than the right people and processes in place. What's required is a top down approach where impetus to make decisions with insights starts at the top and filters down. In addition, a CoE is built on a strong cultural foundation of *question everything*, *measure everything*.

Insights are the epicenter of decision making

To be truly successful in the long term, customer insights must be a part of your organization's decision making DNA. Insights should be embedded into all levels of decision making - strategic, operational and day-to-day. Where companies go wrong is they bury the insights function inside a single customer-centric department. In the end this leads to siloed insights that struggle to see the light of day. When insights are the epicenter of decision making, the insights function is no longer a single business unit but integrated across the entire organization. Insights are accessible for every department and those insights drive true customer-centric decision making.

Question and measure everything

Customer-centric organizations pull together all available sources and channels to make data driven decisions. They're naturally curious and want to understand the drivers behind customer behavior. Functioning CoE's close the loop with their own organization by objectively assessing business outcomes. They're never afraid to continuously learn and experiment. They're asking the right questions of CX initiatives and overall strategy. Is this working? What's the ROI/impact on key metrics? How can we improve?
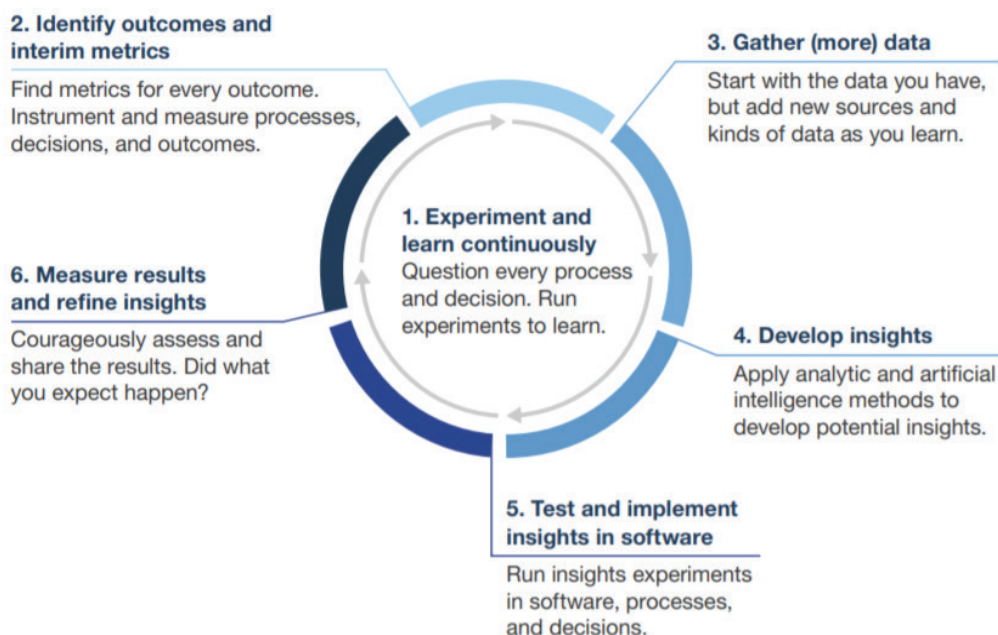
2. Identify outcomes and interim metrics
Find metrics for every outcome. Instrument and measure processes, decisions, and outcomes.

3. Gather (more) data
Start with the data you have, but add new sources and kinds of data as you learn.

1. Experiment and learn continuously
Question every process and decision. Run experiments to learn.

6. Measure results and refine insights
Courageously assess and share the results. Did what you expect happen?

4. Develop insights
Apply analytic and artificial intelligence methods to develop potential insights.

5. Test and implement insights in software
Run insights experiments in software, processes, and decisions.

Figure 1. Continuous innovation in CX.
Source: Forrester, The Insights-Driven Business

Curiosity however, is applied at all stages of the process from deciding where to collect voice of customer data, interrogating the data through to measurement, refinement and closing the loop.

The impact of curiosity is difficult to quantify but a customer-centric, curious culture should yield the following returns:

- Executives are making decisions with confidence because they feel closer to the customer

- Opportunities for growth and CX improvement are regularly identified and actioned using customer insights.

- The customer insights department has a strong emphasis on relationship building across the organization. These departments in turn consider the insights function as invaluable partners in a shared mission.

- Department leaders make decisions with customers top of mind and they have true insights to support those decisions. They understand the impact their action is likely to have on overall customer satisfaction and act accordingly. They are essentially "thinking with insights".

Democratized Insights

Sharing insights widely with the right people in your organization is another way you must future-proof customer insights. Customer insights is now a team sport requiring effort from every department and executive in your organization. Without this mindset change, insights won't get to the people that need them most. Insights shared widely and made accessible to everyone are considered democratized. You'd be hard pressed to find a CEO that doesn't agree with this sentiment, however it's key to ensure democratized insights get into the right hands at the right time.

Organizations are drowning in customer data
The problem with democratized insight is there's just too much information for analysts to make sense. We've found they're drowning in customer data. They know they have enough in-house VoC data to find insights, but identification of the highest impact insights are hard to come by.

Let's pause and consider the true scale of the challenge. These numbers from TechJury highlight the challenge ahead for the insights community:

- In 2020, people created 1.7 MB of data every second
- By 2022, 70% of the globe's GDP will have undergone digitization
- In 2021, 68% of Instagram users viewed photos from brands
- By 2025, 200+ zettabytes of data will be in cloud storage around the globe
- In 2020, users sent around 500,000 Tweets per day
- By the end of 2020, 44 zettabytes will make up the entire digital universe
- Every day, 306.4 billion emails are sent, and 500 million Tweets are made

Most of this data is hard to quantify because it's qualitative.

Making sense of overwhelming amounts of customer data

Forrester identified four ways that customer-centric organizations are getting on top of this problem:

- Insights are centralized but cross functional, assisting multiple departments at the same time with insights that help move them closer to their departmental objectives.

- The data which insights teams are analyzing is high volume and often in-house. While much of this data is already accessible, there are challenges centralizing that data so it's meaningfully understood.

- There is a strong appetite to constantly source new customer data that goes beyond what's already captured in-house.

- By getting control over customer data and sharing it widely, they're supporting the right individuals and the right departments to make informed customer-centric decisions.

Customer-centric organizations make use of all levels of the DIKW pyramid (see below) to make sense of increasing volumes of customer data and achieve true insights (wisdom).

Ryan Stuart, CEO of Kapiche says, "The idea that you can collect all this customer data and if you do a good job at democratizing access to that data then you'll get the insights you're looking for and will suddenly become a data-driven organization, when it comes to interpreting experience data, I actually think this is incorrect."

In his view, more thought needs to be put into not just accessibility but also understanding. Insights platforms play a key role here. He says, "You need to remove the bottlenecks at your organization blocking people from being able to self-serve and deploy platforms and deploy technologies such that people can get the data themselves and find the information they need to."
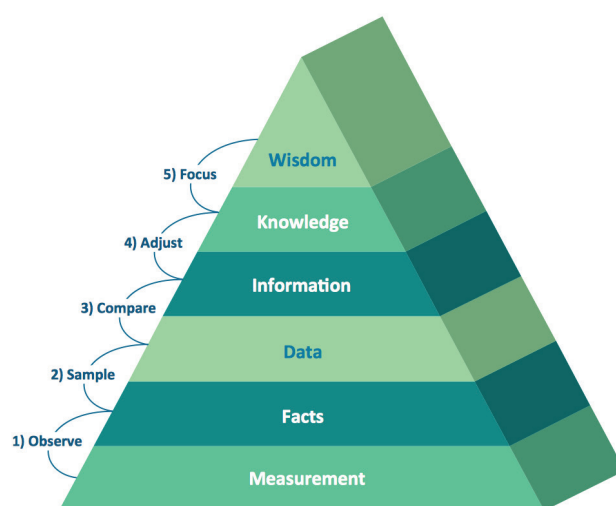

Figure 2. The DIKW pyramid
Source: Stan Garfield, (Medium)

In terms of direct information flow, democratized insights are made accessible to all but should be emphasized with the right people. How do you know they're the right people? They are the business units capable of converting specific insights into tangible action in a way that helps your organization achieve its objectives. If other departments also get value from that same piece of wisdom to improve CX, then all the better!

Storytelling to improve decision making

The final piece of the democratization puzzle is storytelling. Sharing the right insights, with the right people at the right time is meaningless if they don't understand the significance of that wisdom. Impact based storytelling is key to ensuring your stories are understood.

Executives are often the furthest away from customers. "The higher you go in an organization, the less leaders feel like they have the time to devote to thinking strategically about the big picture." (LSA Global). Storytelling ensures they understand the high level drivers and impact their decisions have on customer experience, key metrics and business objectives.

It's no longer enough though to report high level metrics. If NPS is up, executives now expect to know exactly what customers are loving about their experience and why. If NPS is down, they want to know all the issues at play and what can be done to fix each of them. At the strategic level, visualizing insights helps executives align on the highest leverage areas of concern in order to prioritize and take the appropriate course of action.

According to Gartner, half of business decisions are based on gut-feel alone. Taking out an insurance policy against gut-feel or the phrase, "in my experience.." means demonstrating the impact of CX on key metrics. Impact must then be put through the lens of a storytelling framework to maximize understanding.
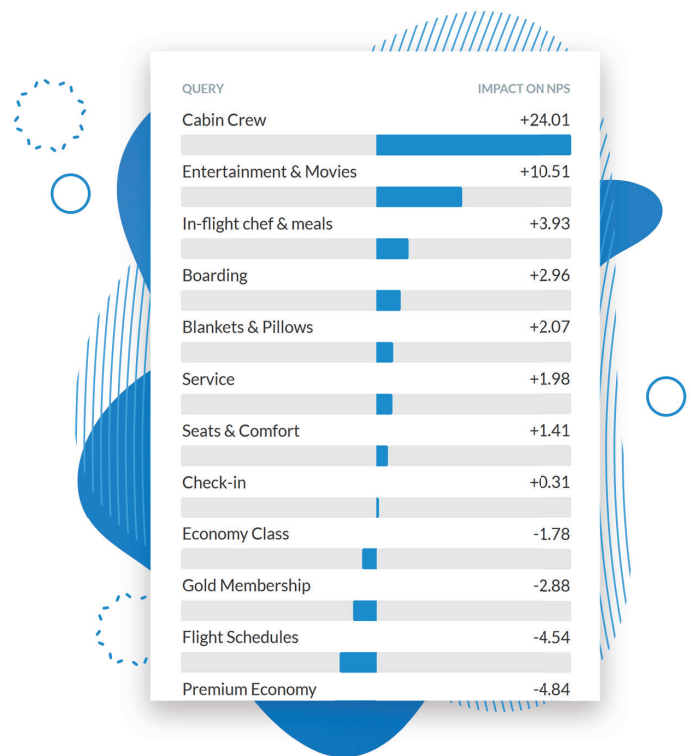

QUERY	IMPACT ON NPS
Cabin Crew	+24.01
Entertainment & Movies	+10.51
In-flight chef & meals	+3.93
Boarding	+2.96
Blankets & Pillows	+2.07
Service	+1.98
Seats & Comfort	+1.41
Check-in	+0.31
Economy Class	-1.78
Gold Membership	-2.88
Flight Schedules	-4.54
Premium Economy	-4.84

Figure 3. CX issues visualized by impact on NPS
Source: Kapiche

Demand for insights is rising

Another reason organizations drown in customer data is because there's simply more internal demand for insights. Customer-centric organizations use insights to make informed decisions that increase revenue, build customer loyalty and capture market share from less customer-centric competitors.

A report from ESOMAR 2021 found:

- Demand for insights increased 12.5% between 2020 to 2021

- 64% of surveyed teams believed demand will increase in 2022

- 50% of US insights teams were growing in 2021

Future-proofed insights teams are able to scale their work to meet this demand using technology, rather than headcount or increased outsourcing/offshoring.

Self service tools

Text analytics tools don't have a great reputation, having always over-promised and under-delivered results, but new technologies on the market are turning this perception around. The promise of a dedicated insights platform is putting power back into the hands of in-house teams to do the work previously outsourced to costly market research agencies.

As Forrester noted in their recent 2021 Forrester Wave report on customer feedback management platforms,

"Text analytics is table stakes, but not all text analytics capabilities are equal. Challenges with a vendor's text analytics is a key reason why enterprises add other technologies to their stack."
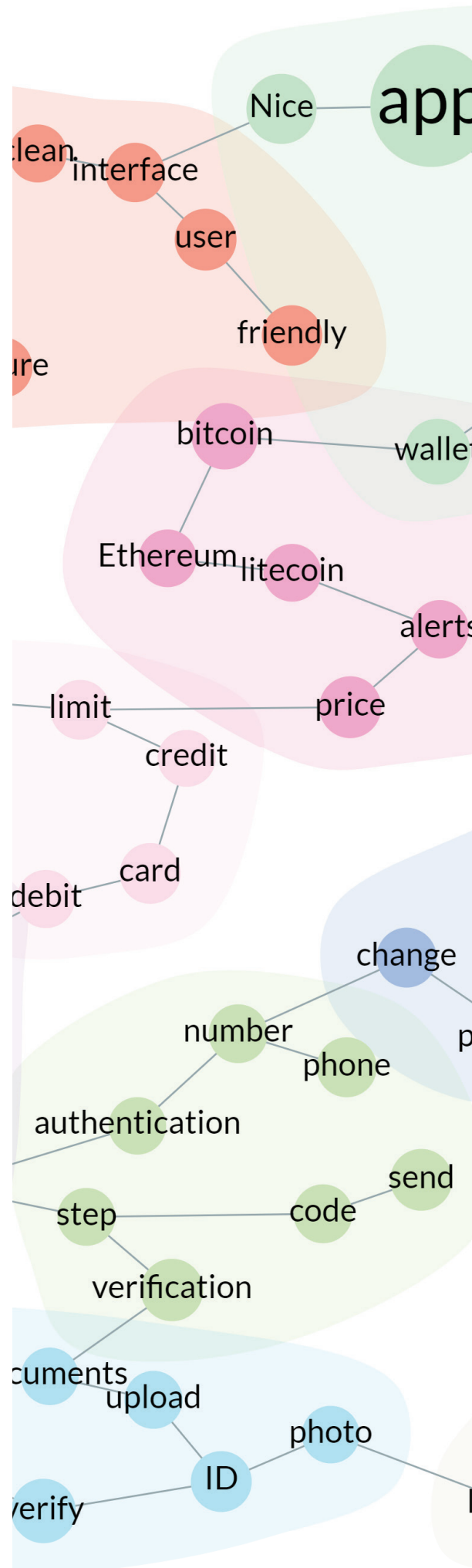
They're able to improve depth-of-insight and deliver increasingly detailed insights that move the needle for their organization.

These technologies are self service, meaning they're intuitive and easy to get started with and they remove the need for middle men. Organizations are free to then grow their in-house team without worrying about weeks or months of training and onboarding for those new team members.

Here's four ways your organization benefits from self service tools:

1) They make it easier to democratize insights by making dashboards accessible to non-technical users.

2) In-house teams can produce the same outputs as external agencies, but have the added advantage of domain expertise, understanding specific nuances of how their organization works. Where external agencies can come and go, in-house teams accumulate knowledge over time. As this time knowledge compounds, so too will their quality of insights.

3) Insights teams can deliver reports as required and answer questions in real time. When business leaders have questions, you can delight them with answers straight away rather than waiting for a response from an external agency partner.

4) There's no need to outsource or offshore tagging/categorization of customer issues because these self service tools will automatically do this for you. Unfortunately some vendors claim to be automated when in fact they're offshoring the tagging without your knowledge. True insights are found without any human intervention or pre-training. Technology should reveal the problem areas and empower humans to find what's important to their organization.

Reactive vs. proactive insights team

There's no denying customer experience is a competitive differentiator. Most organizations want to deliver the best customer experience but they're let down by reacting to events rather than looking for improvement opportunities. We asked Ryan Stuart, Founder & CEO of Kapiche, what are the advantages of insights teams being proactive vs. reacting to an event? He said, "A proactive insights team will reduce the number of "oh no!" or "huh?" moments the business experiences by sharing insight into experiences or journeys before they become a problem for the business or lead to unexpected outcomes".

It's now possible for organizations, strongly invested in CX, to turn to the customer insights function and ask, 'what's new that we should know about?' and what are the key CX issues/opportunities across the past 30, 60 or 90 days? The benefits are tangible. SuperOffice reports "taking initiative could increase customer retention rates by 3-5%". As we've already established, this has the potential to grow profits - in this instance by up to 25%.

Moving from a reactive to a proactive insights team requires the right mix of people, curiosity-focused culture change and technological capability. On the people front, consider if your insights function is understaffed. We've found that Kapiche reduces time-to-insight by up to 90% and ensures analysts can focus on high leverage activities such as emergent trends analysis.

Curiosity is essential as well. Insights teams should put on their detective hats and seek out new insights into what's changed about customer behavior or preferences across a defined period of time.

Finally, on the technology side, how are you scaling up your insights delivery? Executives want to make proactive rather than reactive decisions. Deeply understanding emergent and trending issues impacting all your customers, across each touchpoint in their journey, is key to building up their confidence in customer insights.

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Key learnings: 4 ways to future-proof insights

Customer insights are the best insurance policy your organization has for ensuring long term success. If you don't move now to future proof your insights function, you can bet competitors will, and they'll reap the rewards.

Here are four steps you can take right now to start the transformation process:

1. Insights are the epicenter of decision making: Ensure insights are delivering maximum value to business leaders. How will you know you've achieved this goal? When you get to a point where those business leaders make every decision with customer insights. They are "thinking with insights".

2. Democratized insights: Ensure insights aren't siloed and are widely accessible across the organization. Value comes from sharing the right insight, with the right people, at the right moment in time. If other business units benefit along the way, then all the better!

3. Make the most of self service tools: Technology has advanced quite a long way in the past 12 months. In-house insights teams can now do more, for less while also getting a deeper understanding of customer behavior drivers, journeys and the impact CX initiatives have on key metrics.

4. Insights should be proactive not reactive: If COVID wasn't in the news all the time, would you know to look for it in customer feedback and measure the impact it has on NPS/CSAT? Dedicated insights platforms are now capable of identifying emerging trends in qualitative, unstructured customer data - including the problem areas you didn't think to look for or assumed weren't impacting key metrics.
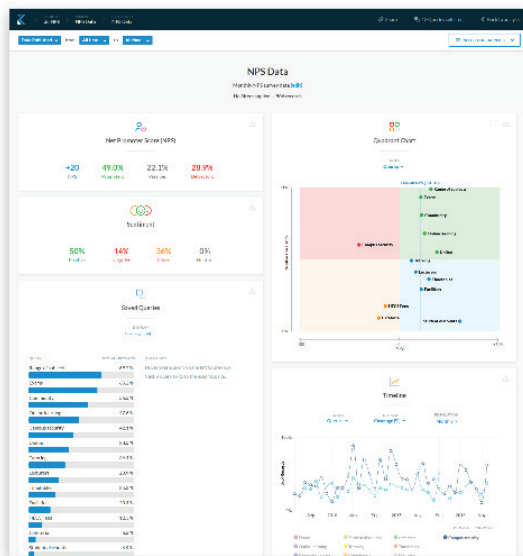
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It's time you got more from your voice of customer data

Be the data hero you always knew you were.

> "Kapiche is an important part of our VoC program - it's an essential tool for discovering insights at scale. It's great for tracking themes and sentiment, and importantly, highlighting emergent themes we may not see in sampled data. With Kapiche we spend much less time on generating insights and much more time on taking action. "

ADAM MCWHINNEY, CXO, TEMPLE & WEBSTER

Get deep customer insights to supercharge CX decision making