

A Forrester Consulting
Thought Leadership Paper
Commissioned By Adobe
February 2021

Firms Brace For The Quake With Customer-Journey Analytics

Firms Must Understand The Customer Journey
Across Platforms To Survive Seismic Market
Changes And To Remain Competitive

Table Of Contents

- 3** Executive Summary
- 4** Firms Look To Customer Analytics To Retain Customers
- 7** Lack Of Data Integration, Talent, And Trusted Vendors Frustrate Firms
- 10** Analytics Pros Must Prioritize Digital, Customer Journey, And Cross-Platform Analytics To Increase Resilience
- 13** Key Recommendations
- 14** Appendix

Project Director:

Morgan Steele,
Market Impact Consultant

Contributing Research:

Forrester's Customer Insights
research group

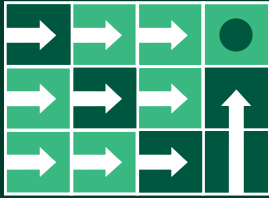
ABOUT FORRESTER CONSULTING

Forrester Consulting provides independent and objective research-based consulting to help leaders succeed in their organizations. Ranging in scope from a short strategy session to custom projects, Forrester's Consulting services connect you directly with research analysts who apply expert insight to your specific business challenges. For more information, visit forrester.com/consulting.

© 2020, Forrester Research, Inc. All rights reserved. Unauthorized reproduction is strictly prohibited. Information is based on best available resources.

Opinions reflect judgment at the time and are subject to change. Forrester®, Technographics®, Forrester Wave, RoleView, TechRadar, and Total Economic Impact are trademarks of Forrester Research, Inc. All other trademarks are the property of their respective companies. For additional information, go to forrester.com.

[E-49390]



Digital data sources are critical to helping firms' decision-makers to make more accurate predictions, especially during disruptive times.

Executive Summary

Even during periods of relative stability, customer analytics are necessary for companies to understand customer behavior at a granular level. Given the ever-changing nature of today's world, the need for customer analytics to detect and adapt to changes in customer behavior is more critical than ever. To survive and manage through this period, companies must shore up their analytics practices by prioritizing digital data sources and investing in capabilities that help decision-makers understand the full customer journey, no matter where the customer interacts with the brand. Decision-makers at firms with these tools will have a clear picture of buyer wants and needs, even as outside forces change those wants and needs dramatically.

Adobe commissioned Forrester Consulting to evaluate the role of analytics for customer insights during the COVID-19 pandemic and beyond. Forrester conducted a global online survey of 591 customer analytics decision-makers at midsize and large firms across industries to explore this topic. We found that although customer analytics are critical to delivering on key marketing objectives, firms need to work to be ready for the next disruptive event.

KEY FINDINGS

- › **Firms focus customer analytics on retention.** Customer retention emerged as a top priority among decision-makers we surveyed, and firms leverage analytics to support that effort. Half of the respondents' organizations use customer analytics to retain existing customers, and 46% use them to understand customer journeys across different digital touchpoints. While acquisition has historically been a top priority, the focus is now on retention.
- › **Firms do not take full advantage of their data to inform customer analytics despite the edge that digital data provides.** Between half and two-thirds of respondents' firms do not analyze various data sources they likely already possess. However, digital data sources are critical to helping firms' decision-makers to make more accurate predictions, especially during disruptive times when customers primarily interact digitally. The predictive models of firms that track digital data sources are also more likely to have remained accurate since the onset of the pandemic.
- › **Firms with customer-journey and cross-platform analytics are better positioned for agile response to market disruption.** Customer journey analytics users are 1.3 times more likely to have become more agile in analytical execution as a result of the pandemic compared to other firms. This effect is even higher among cross-platform users (1.6 times more likely). With clarity into customer-journey touchpoints and the ways consumers behave across different devices, decision-makers for firms can more easily identify and respond to changing needs.

TERMINOLOGY

Cross-platform analytics are analytics performed across multiple channels like web and mobile.

Customer journey analytics use quantitative and qualitative data to analyze customer behaviors and motivations across touchpoints, optimize customer interactions, and predict future behavior.

Firms Look To Customer Analytics To Retain Customers

Analytics play a core role in helping firms identify, attract, and retain customers. Having insight into real-time customer behavior is even more valuable during moments of disruption when customer wants and needs change rapidly. Some organizations with more advanced capabilities are able to use these capabilities for use cases that drive revenue. This helps firms increase resilience in the face of change, such as during the COVID-19 pandemic. By surveying 591 cross-industry customer analytics decision-makers from around the world, we found that:

- > Firms leverage analytics to retain and understand customers.** Customer retention emerged as a top priority among the dozen priorities we explored, and firms are most likely to leverage customer analytics to support that effort (see Figure 1). Half of the respondents' firms use customer analytics to retain existing customers, and 46% use them to understand customer journeys across different digital touchpoints. While focus on acquisition has historically been higher, the focus is now on retention as firms seek to shore up their existing customer relationships during times of economic uncertainty.¹

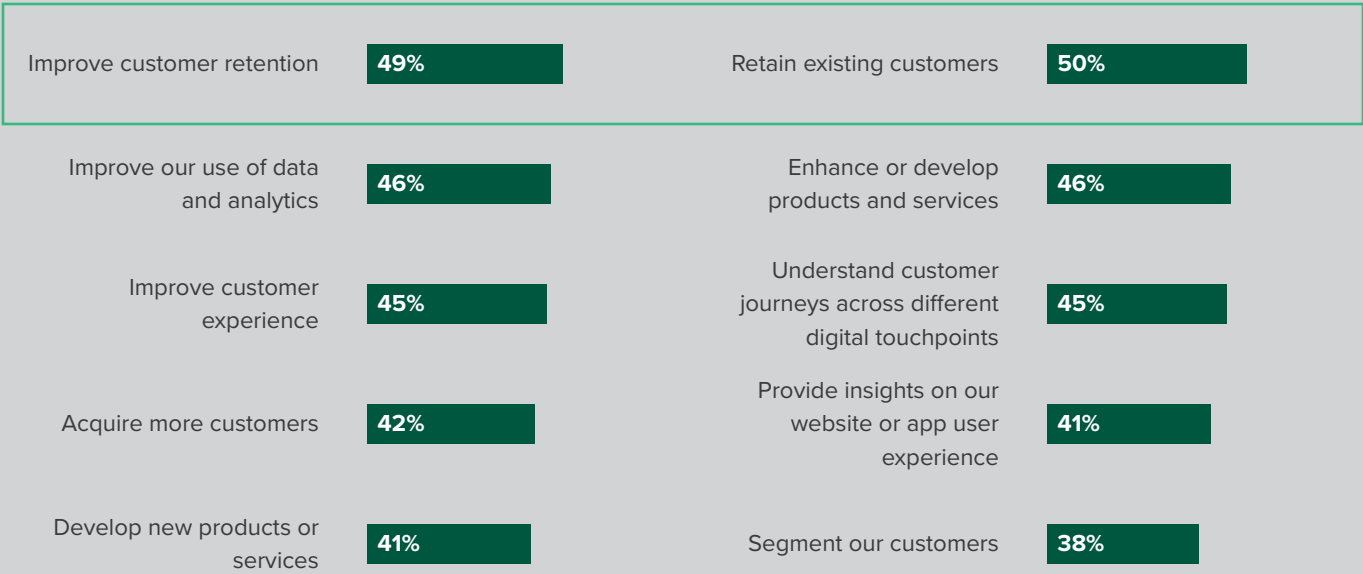


The most common objective of customer analytics is to retain existing customers.

Figure 1

“Which of the following are your organization’s top priorities in the next 12 months?”
(Showing top five responses.)

“Which of the following best describes how your organization currently uses customer analytics?”
(Showing top five responses.)



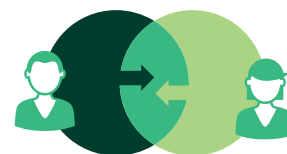
Base: 591 global customer analytics decision makers at midsize and large firms
Source: A commissioned study conducted by Forrester Consulting on behalf of Adobe, October 2020

› **Since the onset of the pandemic, firms have focused on automation.**

When asked how customer analytics priorities have shifted due to the pandemic, respondents most frequently said, “We are more focused than ever on automation” (see Figure 2). This focus is consistent across both IT and business roles, and it is particularly noteworthy because only one-quarter (26%) of respondents said their firm is very effective at automated insights. Interestingly, almost all of their firms have experienced some kind of shift in analytics priorities due to the pandemic; only 6% of said their firm has not experienced any changes.

› **Firms with customer-journey and cross-platform analytics are doing more sophisticated work today.** Customer-journey and cross-platform analytics users harness their analytics tools for more use cases, and they are also informed by more data inputs (see Figure 3). Firms that use customer-journey and cross-platform analytics are more likely than other firms to use analytics for highly sophisticated use cases like predicting next-best actions for consumers. Customer-journey users are also more likely to be able to attribute conversion credit to touchpoints throughout the journey. Cross-platform users are more likely to be able to optimize media buying and ad personalization. And firms in both groups are more likely to use every type of data we asked about compared to nonusers, suggesting that their insights are much more robust.

Retention is the name of the game right now, and decision-makers are looking to step up their firms’ insights plays accordingly. Meanwhile, firms that already have customer-journey and cross-platform analytics already have an edge over the competition. These firms have critical insight into customer behavior across devices and channels at key touchpoints in the customer journey.



Firms with customer-journey analytics are more likely than other firms to be able to attribute conversion credit to touchpoints throughout the journey.

Figure 2

“How have your customer analytics priorities shifted due to the pandemic?”



Base: 591 global customer analytics decision makers at midsize and large firms
 Source: A commissioned study conducted by Forrester Consulting on behalf of Adobe, October 2020

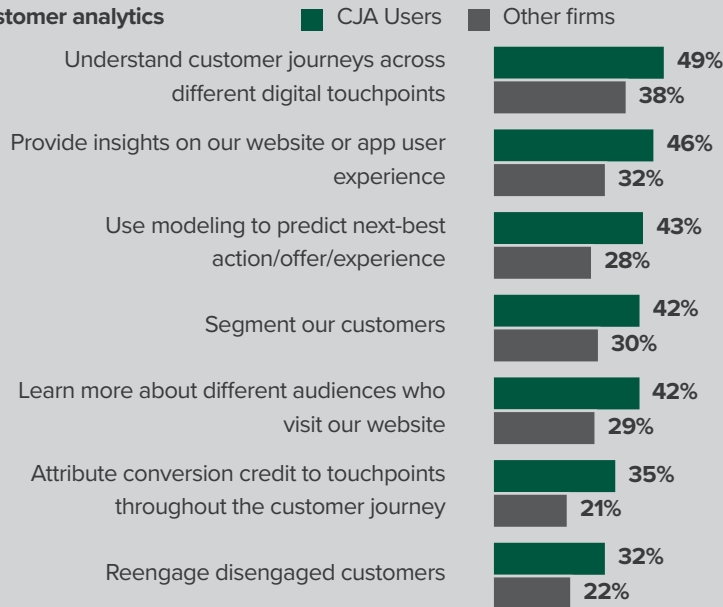


Only one in four (26%) firms are very effective at automated insights.

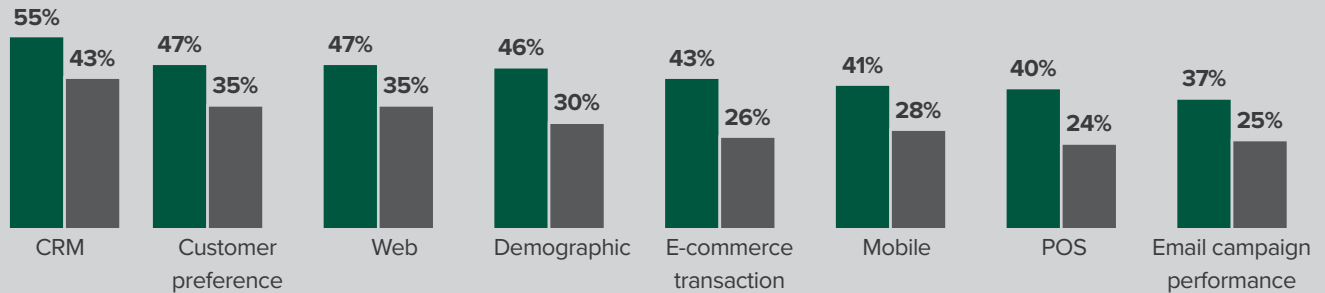
Figure 3

CUSTOMER JOURNEY ANALYTICS USERS

How firms use customer analytics

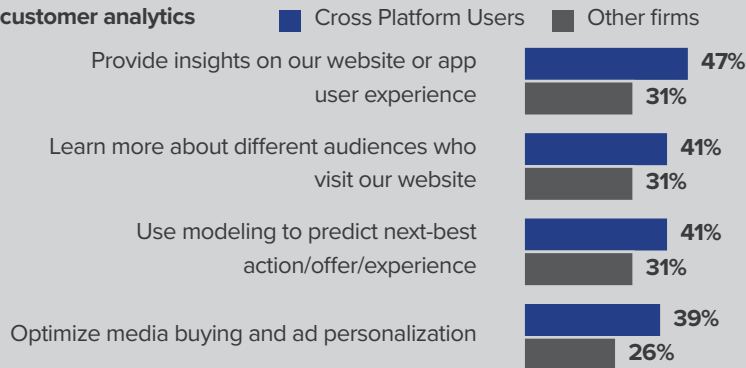


Data sources used

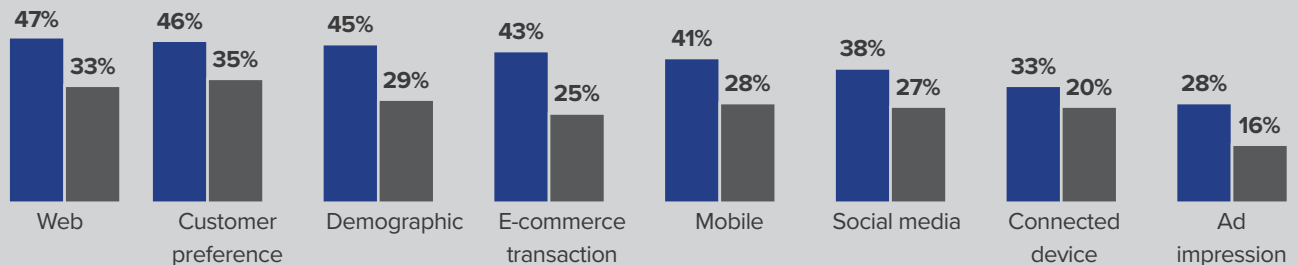


CROSS PLATFORM ANALYTICS USERS

How firms use customer analytics



Data sources used



Base: 591 global customer analytics decision makers at midsize and large firms
 Source: A commissioned study conducted by Forrester Consulting on behalf of Adobe, October 2020

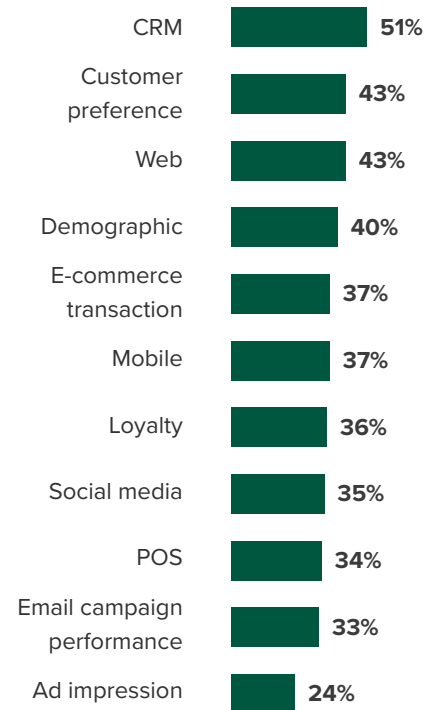
Lack Of Data Integration, Talent, And Trusted Vendors Frustrate Firms

Despite the criticality of customer analytics, firms struggle with the basics. This includes leveraging the data they already have to get a holistic view of the customer or hiring and training the right technical talent needed for success. In addition, firms that do not leverage outside help from trusted third-party partners exacerbate some of these challenges. We found:

- › **Decision-makers believe analytics are important to achieving their firm’s marketing objectives, yet few are very effective in this area.** Six out of 10 respondents said customer-journey analytics are critical or very important to achieving their firm’s marketing objectives, and the results are similar for cross-platform and predictive analytics (see Figure 4). However, less than one-third of respondents said their firm is very effective at any of these areas, either because the firm lacks the capabilities or does not optimize them. This gap suggests that decision-makers see the value that analytical insights can have on their firm’s marketing effectiveness and business results, but they must do more work to optimize their own capabilities.
- › **Firms are not taking full advantage of their data to inform customer analytics.** Only a few of the respondents’ firms use data sources that are extremely common to inform customer analytics (see Figure 5). Just 43% use customer preferences or web data, while one-third or less use email campaign performance or ad-impression data. The most commonly leveraged data source, CRM, does not necessarily include behavioral data, which is critical to understanding the full customer journey and delivering on its promise. Any data source on its own is unlikely to provide enough insight to achieve this objective. And while firms with more advanced capabilities like customer-journey or cross-platform analytics are more likely to use various data sources, integrating this data into a holistic analytics practice is still relatively uncommon.

Figure 5

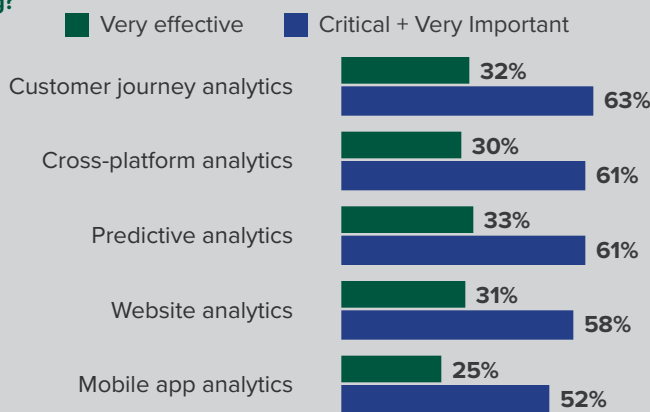
Data sources used to inform customer analytics



Base: 591 global customer analytics decision makers at midsize and large firms
 Source: A commissioned study conducted by Forrester Consulting on behalf of Adobe, October 2020

Figure 4

“How critical are the following tools to achieving your firm’s marketing objectives?”
 “To what extent is your organization’s customer analytics solution effective at the following?”



Base: 591 global customer analytics decision makers at midsize and large firms
 Source: A commissioned study conducted by Forrester Consulting on behalf of Adobe, October 2020



Despite importance of analytics, less than one third of firms are very effective

- › **Changing consumer behavior leaves one in five firms scrambling to update predictive models.** Twenty percent of respondents said their firm has seen a decline in the accuracy of its predictive models since the onset of the pandemic. This data drift is most likely due to consumer behavior changing so dramatically that training data for predictive models is now outdated (see Figure 6). Consumers modified their habits and routines significantly in 2020, accelerating their shift to digital engagement that impacts all facets of the customer journey. This, in turn, exposed a lack of flexibility in some predictive models.
- › **Time-to-value is the most common implementation complaint about analytics solutions.** Most respondents are satisfied with their firm’s analytics solutions; 40% said it meets expectations and another 45% said it performs better than expected. However, the 14% who said their firm’s analytics solution performs worse than expected said the most common reason is that it took too long to implement (37%). This is closely followed by issues with data integrations (35%) and a lack of high-quality insights (34%) (see Figure 7). These three areas must be part of any up-front planning and vendor assessments.
- › **Hiring analytics talent is a top challenge, and firms rely on business pros with data fluency to fill data skills gap.** The biggest customer analytics challenge for firms is hiring the right talent; more than half of respondents (53%) described this as very or extremely challenging (see Figure 8). IT professionals are also more likely to identify training as a challenge compared to other types of workers. To fill this gap, firms are demanding more technical skills from business professionals. We asked firms what percent of users fall into various role categories, and an average of 21% of those users are citizen data analysts. These citizen analysts are business professionals sanctioned to contribute to data analysis and insights. The fact that their usage is not so far behind that of more technical roles like data analysts (30%) and data scientists (24%) suggests that firms are looking to alternative pools of talent to fill their data and insights skill gaps.

Figure 6

Primary reasons for decline in predictive model accuracy

1. Consumer behavior has changed so dramatically that our training data is outdated (**59%**)
2. We are not able to handle the changing volume of digital engagement (**35%**)
3. We do not have sufficient digital data sources (**32%**)

Base: 116 global customer analytics decision makers at midsize and large firms whose predictive models have been less accurate
 Source: A commissioned study conducted by Forrester Consulting on behalf of Adobe, October 2020

Figure 7

“In what ways did your analytics solution fall short of expectations?”



Base: 82 global customer analytics decision makers at midsize and large firms whose analytics solutions have underdelivered on expectations
 Source: A commissioned study conducted by Forrester Consulting on behalf of Adobe, October 2020

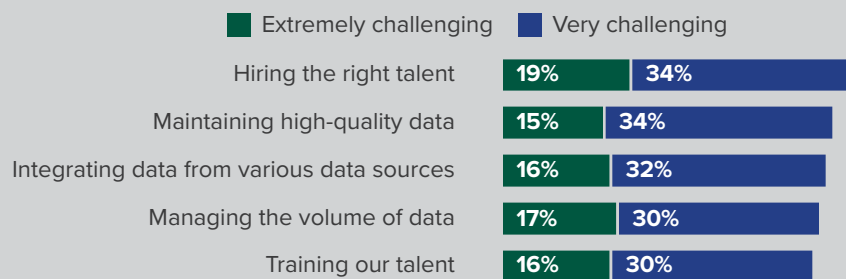
- › **Firms with homegrown or do-it-yourself tools struggle with organizational and people aspects of analytics.** We compared firms with a do-it-for-me (DIFM) approach to analytics that invest in out-of-the-box tools against firms that do more do-it-yourself (DIY) or completely homegrown analytics. Firms in the latter group are more likely to struggle with knowledge sharing, stakeholder agreement, and managing backlog requests (see Figure 8).
- › **Firms with homegrown or DIY tools struggle to bridge the insights-to-action gap.** Analytics without action is an academic (and valueless) exercise. Unfortunately, firms that use homegrown or DIY tools have difficulty integrating analytics into their regular workflow, and they are 2.6 times as likely to find acting on insights from data to be extremely challenging compared to firms with a DIFM approach. This difference may occur because homegrown teams are often centralized, and the handoff from this team to business stakeholders is complicated by people, processes, and technology issues.
- › **Firms underestimate up-front effort involved for homegrown or DIY solutions.** In an issue related to time-to-value, respondents from firms with homegrown or DIY solutions were 1.7 times more likely than those from DIFM firms to say that up-front headcount costs are much more expensive than expected (17% and 10%, respectively). Up-front headcount costs may include employee time spent on vendor selection, planning, training, or implementation.



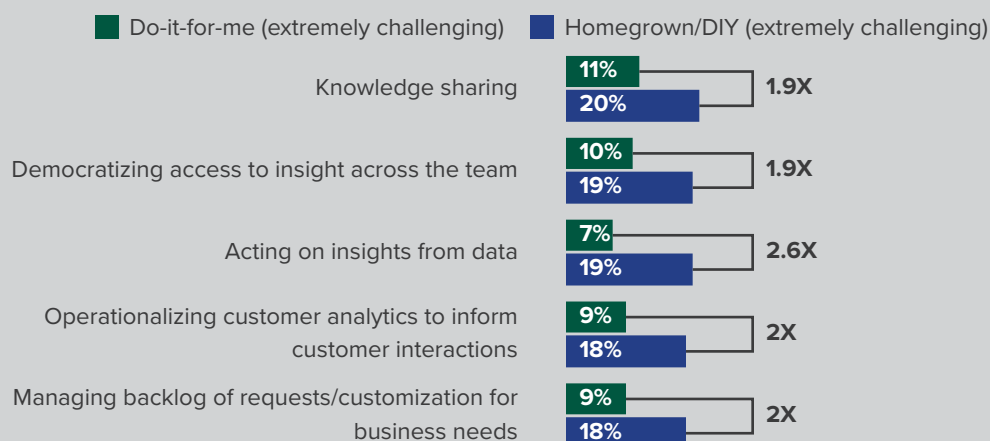
Firms with homegrown or DIY solutions are 1.7x more likely than DIFM firms to find that up-front headcount costs are much more expensive than expected.

Figure 8

“On a scale of 1 to 5, to what extent does your organization find the following challenging when it comes to customer analytics?”



Do-it-for-me firms experience challenges differently than homegrown/DIY firms



Base: 591 global customer analytics decision makers at midsize and large firms
 Source: A commissioned study conducted by Forrester Consulting on behalf of Adobe, October 2020

Analytics Pros Must Prioritize Digital, Customer-Journey, and Cross-Platform Analytics To Increase Resilience

Despite the challenges, firms must have robust analytics programs in place to increase their resilience. This need is particularly salient given the COVID-19 pandemic, but it will not be the last disruption firms will face. Our research uncovered several tactics to increase resilience: relying on digital data sources, leveraging third-party software and service provider expertise, and implementing more sophisticated capabilities like customer-journey and cross-platform analytics. When it comes to disruption preparedness, we found that:

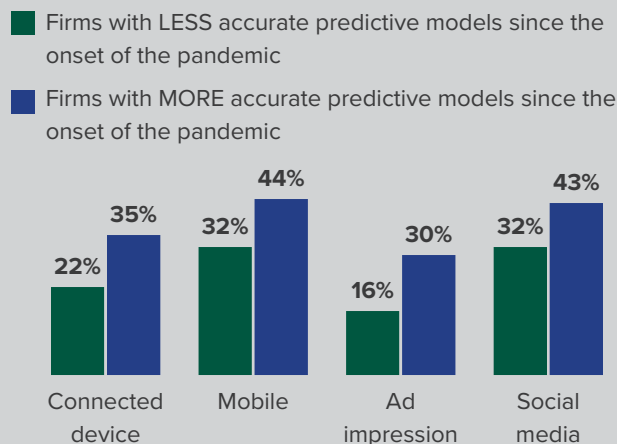
- Digital data sources help firms make more accurate predictions, especially during disruptive times.** We found that firms that track digital data sources ranging from ad-impression data to mobile and connected device data are more likely to have had accurate predictive models since the onset of the pandemic (see Figure 9). The 2020 health crisis is just one example of an event that can cause a sudden and dramatic shift in consumer behavior, and firms can leverage digital data sources to build a more holistic view of consumer wants and needs during changing times.
- Firms look to third parties for high data quality, security, and fast time-to-value.** While close to half (49%) of surveyed decision-makers said that maintaining high-quality data is very or extremely challenging, some firms rely on third-party vendors to help close the gap. We found that firms that use some or all analytics solutions from a third-party vendor are most likely to be driven by a need to ensure data quality (see Figure 10). This reason is closely followed by data security and a need for faster implementation.



Firms are most likely to rely on third-party analytics solution or service providers for high data quality, security, and fast implementation.

Figure 9

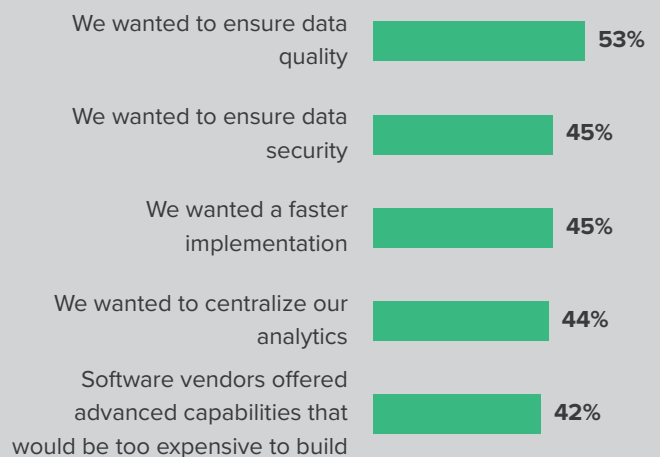
“Which of the following data sources does your organization use to inform customer analytics?”



Base: 591 global customer analytics decision makers at midsize and large firms
 Source: A commissioned study conducted by Forrester Consulting on behalf of Adobe, October 2020

Figure 10

Top five reasons firms purchase some or all of their analytics solutions from a third-party vendor



Base: 186 global customer analytics decision makers at midsize and large firms who use analytics tools from a third party
 Source: A commissioned study conducted by Forrester Consulting on behalf of Adobe, October 2020

› **Decision-makers see analytics as the critical foundation to support change for their firms.** We asked decision-makers what they wish they had done differently pre-pandemic to adapt better to change or disruption, and the two things they said the most were “upgrade our analytics capabilities” and “prepare for greater digital engagement” (see Figure 11). Together, these two capabilities offer insight and flexible delivery to consumers. While this finding might seem like a gloomy perspective in hindsight, the data also reveals a path forward: If decision-makers take these steps today, their firms will be better prepared for the next disruptive event.

We also extensively tested the impact that customer-journey and cross-platform analytics have on firms’ disruption preparedness and resilience. In a deep dive on these capabilities, we found that (see Figure 12):

- › **Firms with customer-journey and cross-platform analytics are better positioned for agile response to market disruption.** Customer journey analytics (CJA) users were 1.3 times more likely to say their firm has become more agile in analytical execution as a result of the pandemic compared to those from other firms (see Figure 12). This effect is even higher among cross-platform users (1.6 times more likely). With clarity into customer-journey touchpoints and how consumers behave across different devices, decision-makers are more likely to be able to identify and respond to changing needs as they happen.
- › **The most frequent benefit of customer-journey and cross-platform analytics is increased revenue.** About half of respondents said they expect CJA and cross-platform analytics to increase revenue. Customer engagement and loyalty round out the top three benefits. Clarity in customer insights empowers firms to deliver better and more lucrative experiences.

Figure 11

“What do you wish your organization had done differently pre-pandemic to adapt better to change or disruption?”

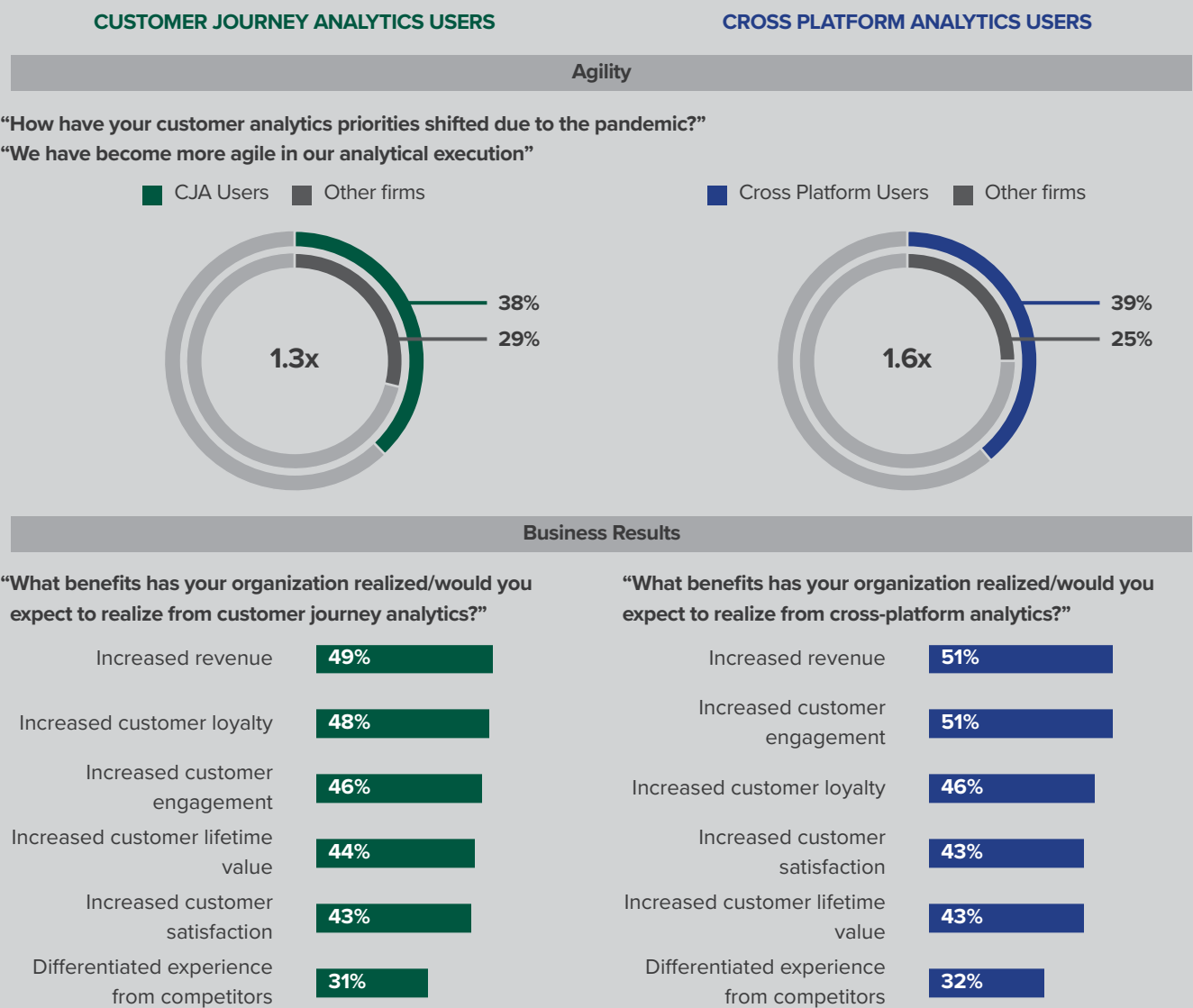


Base: 591 global customer analytics decision makers at midsize and large firms

Source: A commissioned study conducted by Forrester Consulting on behalf of Adobe, October 2020

› **Differentiated experience from competitors is an unexpected bonus to both CJA and cross-platform analytics users.** Decision-makers from firms with CJA are 1.3 times as likely to say that their firm realized a differentiated experience compared to non-CJA users forecasting their expected benefits of using this capability. A similar difference (1.4 times) exists for cross-platform users. This difference suggests that although firms might not implement these capabilities expressly for differentiated experience, they are more likely to realize this unanticipated benefit after implementation.

Figure 12



Base: 591 global customer analytics decision makers at midsize and large firms
 Source: A commissioned study conducted by Forrester Consulting on behalf of Adobe, October 2020

Key Recommendations

The compounded effect of major events changing consumer behavior overnight and all the usual data challenges (e.g., high-volume, siloed, unclean data and not enough professionals in-house to make sense of it) can cause a headache for even the savviest customer analytics leader. Add to that the growing complexity of how customers interact with your brand: online or offline, on different devices, and across different channels and digital properties that your organization may or may not own. Now more than ever before, it is critical to obtain the right customer insights to better understand and predict how customers will interact with your brand and how best to respond at relevant touchpoints at the right moment. Forrester's in-depth survey of 591 decision-makers across industries yielded several important recommendations about customer analytics. These include:



Integrate digital data sources into customer analytics. Analytics outputs are only as insightful as the quality and relevance of data inputs, but data integration continues to be an obstacle.² Our research revealed that almost half of firms do not take advantage of the treasure trove of digital data they already possess. To better predict behavior and intent more accurately, leverage the extensive set of structured and unstructured digital data sources your organization already owns. Securely democratize those insights across the organization by developing a centralized customer data repository with appropriate permissions that facilitates self-service access across the organization.



Consider customer-journey and cross-platform analytics. Our research uncovered that firms with customer-journey and cross-platform analytics did more sophisticated analytics work, leveraged more of their existing data, and executed in a more agile way after the onset of the pandemic. Journey analytics can help you identify which digital journeys are most common so you can ensure a seamless digital experience and eliminate pain points. Cross-platform analytics can provide a consistent and complete view of customer behavior across multiple platforms. These capabilities are not the end goal. When evaluating if these solutions are right for you, start with a specific objective (e.g., increase cross-sell and upsell or attract more high-value customers) and develop a list of potential pilot projects that align with that objective.³ Prioritize new efforts based on expected value and feasibility, then test, learn, and scale.

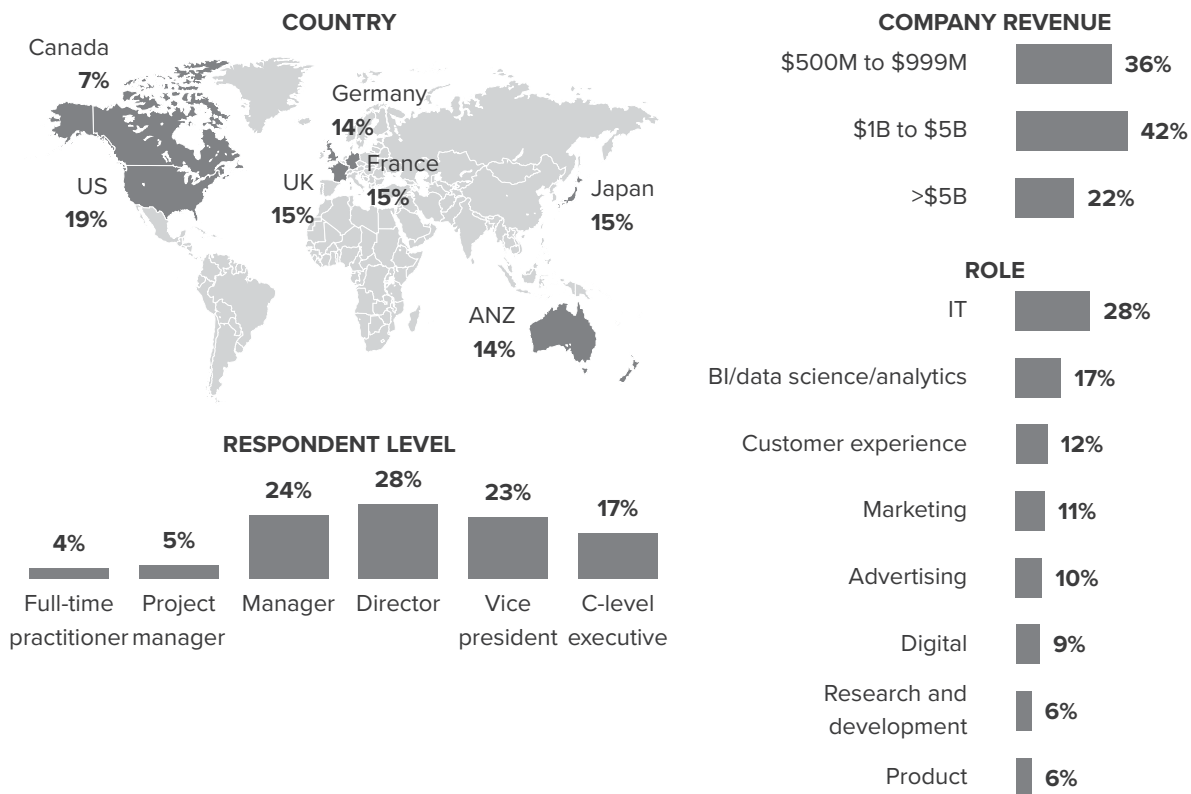


Evaluate if a third-party vendor can meet your analytics needs with an off-the-shelf solution. Not every organization can have a data science team solely dedicated to customer analytics, and we found that decision-makers from firms that take on more analytics work in-house are more likely to underestimate the up-front time and effort required for planning, training, and implementation. Leveraging third-party expertise can help your organization sidestep the data talent shortage by providing an off-the-shelf solution that business professionals or more technical professionals can leverage. Customer analytics solutions democratize advanced customer analytics with a DIFM approach, letting nontechnical users generate and access insights.⁴

Appendix A: Methodology

In this study, Forrester conducted an online survey of 591 customer analytics decision-makers at midsize and large firms in the United States, Canada, Germany, the United Kingdom, France, Japan, Australia, and New Zealand to explore the role of analytics for customer insights during COVID-19 and beyond. Survey participants included decision makers in customer analytics across all industries. Respondents were offered a small incentive as a thank you for time spent on the survey. The study began in September 2020 and was completed in October 2020.

Appendix B: Demographics



Base: 591 global customer analytics decision makers at midsize and large firms
 Source: A commissioned study conducted by Forrester Consulting on behalf of Adobe, October 2020

Appendix C: Related Forrester Research

“Gauge Your Customer Analytics Maturity,” Forrester Research, Inc., September 14, 2020

“Pick A Powerful Pilot To Propagate Customer Analytics,” Forrester Research, Inc., February 5, 2020

“Research Overview: Customer Analytics Technologies And Services,” Forrester Research, Inc., September 30, 2020

Appendix C: Endnotes

¹ Source: “The State Of Customer Analytics 2019,” Forrester Research, Inc., November 5, 2019.

² Source: “Gauge Your Customer Analytics Maturity,” Forrester Research, Inc., September 14, 2020

³ Source: “Pick A Powerful Pilot To Propagate Customer Analytics,” Forrester Research, Inc., February 5, 2020.

⁴ Source: “Research Overview: Customer Analytics Technologies And Services,” Forrester Research, Inc., September 30, 2020.