Forbes
INSIGHTS

CUSTOMERS FOR LIFE

TECHNOLOGY STRATEGIES FOR ATTRACTING AND KEEPING CUSTOMERS
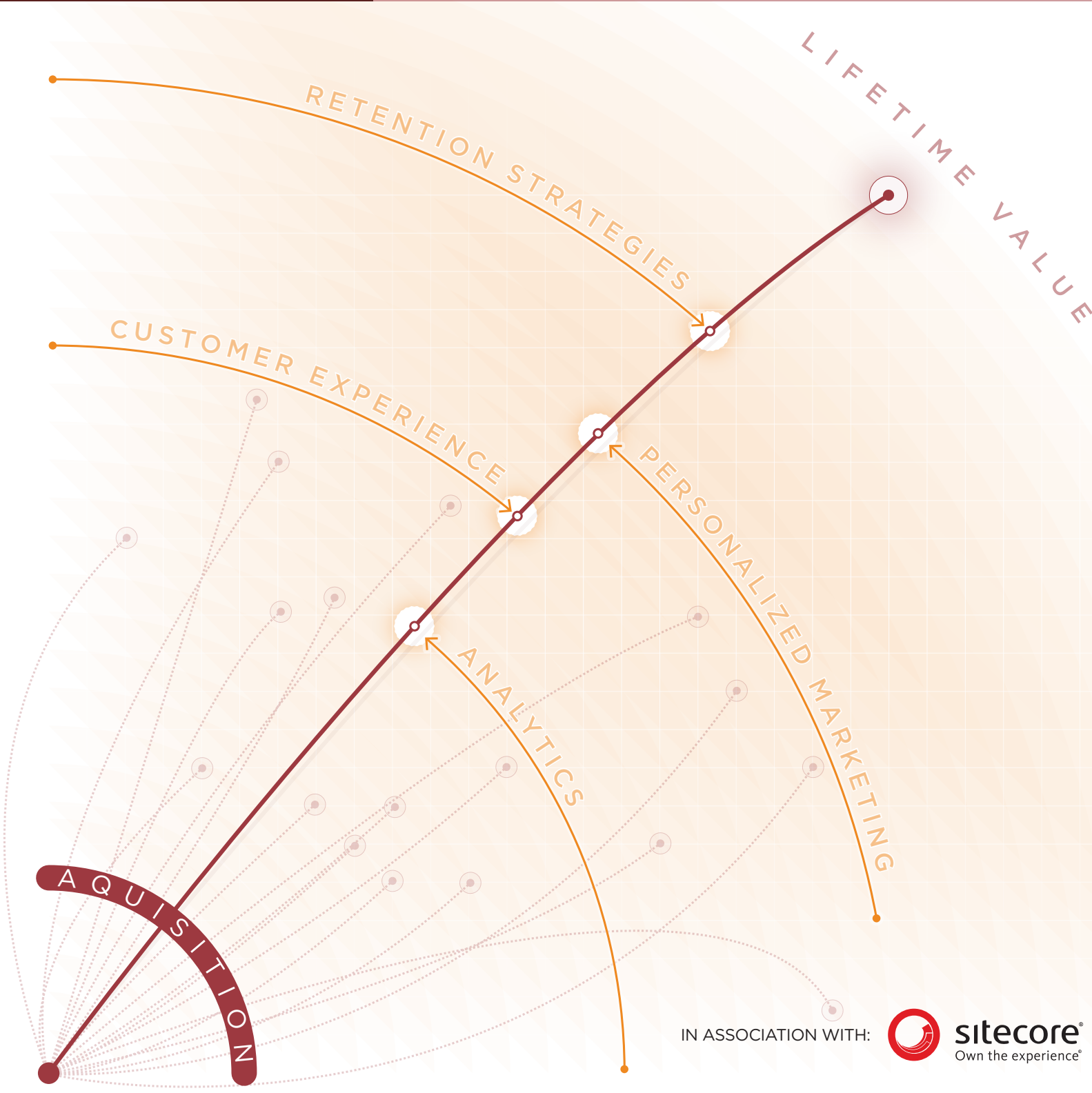
LIFETIME VALUE

RETENTION STRATEGIES

CUSTOMER EXPERIENCE

PERSONALIZED MARKETING

ANALYTICS

AQUISITION

IN ASSOCIATION WITH:

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FOREWORD

Technology is driving massive change in consumer behavior, prompting brands to rethink the way they reach, engage and retain customers. Put simply, customers expect more from the brands they choose to do business with and – for the marketer – the pressure is on. This on-going change is transforming how businesses understand and value the customer experience, across every business function. Analyst firms forecast customer experience delivery to differentiate businesses in the near future, overtaking product and price in importance by 2020. Brands that are providing the best customer experiences are already beginning to outperform their competition by wide margins. And the street is taking notice.

This new reality presents both enormous opportunity and incredible challenges. Increasingly, companies everywhere are realizing that their businesses will live or die by the quality of the experience they can offer, and by how well they can guide customers along the journey to loyalty. But understanding and doing are two different things. The practical considerations and challenges of transitioning toward a focus on customer experience often get swept aside by vendors intent on selling another piece of software, leaving businesses with patchwork systems and silos of knowledge and data. As a result, marketers and the businesses they serve are unable to realize the full benefits of a truly customer-centric model. This is the new imperative. Every organization must think now about how it will meet its own customers' expectations for personalized experiences over the coming years.

In an effort to better understand how organizations use technology to nurture today's increasingly informed, discerning and distracted customers we interviewed over 300 senior executives from across North America, operating in sectors ranging from manufacturing to travel and leisure to finance. The following pages are the result, and should provide valuable insights for businesses concerned with building customers for life.

Michael Seifert
Chief Executive Officer
Sitecore

INTRODUCTION

By 2020 customer experience is expected to surpass product and pricing as the key business differentiator[1], so it's critical that companies orient themselves now towards creating and keeping customers for life if they expect to remain competitive.

Fostering the closer relationships and superior experience that lead to customer loyalty isn't good just for a brand's reputation; it's good for its bottom line. It can have a significant impact on a company's continued profitability, with repeat customers driving sales as well as assisting new customer acquisition. Harris Interactive's research[2] shows that not only is it six to seven times more expensive to acquire a new customer than to keep an existing one, but that 86% of consumers will pay more for a better experience. And yet organizations on the whole are slow to wake up to the bottom-line benefits of attracting customers for life, and even slower to allocate the resources necessary to do so.

For those that have, there are a number of tools and strategies to rely on. Analytics and metrics, like customer lifetime value (CLV), can help focus retention strategies on high-value customers, while building a single view of the customer can ensure that every communication—whether through mobile push notification, email or call-center representative—is personalized and relevant. These tools help move new customers along the path towards loyalty and repeat purchases, which, in turn, add value for businesses in terms of share of wallet and progress towards revenue growth goals.

A piecemeal approach to these goals is not enough. Too many businesses stall along the way because of the lack of internal buy-in to the investment in time, resources, technology and talent required to become a truly customer-focused organization. A lack of internal collaboration and integration of systems can leave businesses with siloed and unnecessarily duplicated data—and this can pose significant challenges to customer-for-life strategies.

In July 2014, Forbes Insights, in association with Sitecore, surveyed 312 senior executives from across North America to better understand how organizations nurture the customer lifecycle; the tools used, the strategies employed and the decision makers involved—and where gaps exist between intention and implementation. Respondents hail from industries as varied as automotive, travel and leisure, manufacturing and the financial sector. Their answers shed light on how well understood the concept of customer experience is, how it has been prioritized and implemented in practice, and the challenges posed along the way. It provides important insight for any organization interested in moving away from a transactional model towards a customer-centric one—and practical recommendations for how to go about it.

[1] *"Customers 2020: The Future of B-to-B Customer Experience," Walker Information, Inc., 2014*
[2] *Harris Interactive Customer Experience Impact Report*

KEY FINDINGS

1 Companies recognize the importance of keeping customers for life, but are still focusing more on new customer acquisition for revenue growth. While 94% of respondents indicated keeping customers for life is prioritized at some level within their organization in relation to other business goals, 49% are unhappy with their current marketing technology's ability to support those goals. While top marketing priorities include customer retention and obtaining a single view of the customer, more still prioritize acquisition. Only 38% are primarily focused on repeat customers for revenue growth, while nearly half (49%) are still focused on new customers.

2 Customer lifetime value (CLV) metrics are recognized for their value in strategic planning for acquisition, retention and revenue growth—but regular usage rates are too low, indicating a potential disconnect between intention and action. Over three-quarters of respondents indicate average and maximum potential CLV metrics are highly valuable to their planning, yet just 58% regularly calculate average CLV, and 47% do not know potential maximum CLV.

3 While organizations recognize the importance of a strategic approach to keeping customers for life, C-level marketers and technology executives are often left out of the process. The importance of a strategic approach is clearly well understood by the businesses surveyed, with 84% reporting having a strategy in place and 49% indicating it is an integral part of overall business strategy. However, while 73% say the CEO is involved in developing that strategy, only 38% indicate the CMO is involved. Thirty-three percent include the CIO.

4 However, companies that do include C-level technology executives in strategy setting report higher levels of integration between teams responsible for customer acquisition and interaction than overall. When CIOs or CTOs are involved in strategy development, higher levels of team integration are also reported—up to 43% and 45% respectively, from 37% overall.

5 The same is true for systems; those that involve CMOs and CIOs in strategy setting also experience better levels of technological integration. Full integration of various data gathering and customer communications systems increases from 27% overall to 34% when a CIO is also involved in customer retention strategy development. Likewise, rates of non-integration drop from 11% overall to 5% and 2% when a CMO or CIO is involved in strategy setting.

6 Developing a single customer view is a top organizational priority, but technical challenges—including a multiplicity of systems, fragmentation of data and the resulting silos—slow progress. Only 16% do not consider a single view of the customer a priority, while 53% consider it a high to very high priority. The biggest challenges to developing this 360-degree view are difficulties with keeping track of data among multiple systems, data redundancies and silos. On average, organizations use 36 different data-gathering systems and vendors for marketing efforts. Only a quarter (24%) of all respondents felt customer communications and data gathering systems were fully integrated for the purpose, with 13% reporting no level of integration at all.

7 Silos and a lack of integration among teams also pose challenges to the delivery of seamless, personalized customer interactions. Just 37% of respondents say the teams responsible for customer acquisition and interfacing, regardless of lifecycle stage, are fully integrated. Half (49%) of all respondents indicate marketing and data teams are siloed. The top challenges to more-integrated ways of communicating with customers include a lack of willingness to collaborate cross-team, and insufficiently evolved talent or technical capabilities to warrant integration.

8 That said, solving the lack of integration by developing a single, centralized system to house, access and utilize customer data is seen as a high to very high priority. Creating a single, centralized database to house customer experience information is rated as a high or very high priority by 62% of respondents, while 59% say the same for a system to deliver those customer experiences across all potential digital channels.

9 Companies that have a better handle on marketing analytics are more likely to also have better cross-team and customer communications. Respondents who rated their organization's ability to use analytics highly were also more likely to say their marketing teams excel at sending relevant customer communications (76%, over 56% overall) and anticipating needs (72%, over 51% overall). They also were more likely to report greater cross-team communication among marketing and data teams.

10 The importance of personalized and relevant content in customer communications is well understood; less so is that frequency is part of the quality of the experience. While two-thirds (66%) of respondents prioritize personalized, relevant communications, only a third of those (32%) felt their company was well aligned to this goal in reality. Fifty-six percent say their marketing teams excel in creating those communications; fewer still (51%) say their organizations excel at anticipating needs rather than sending mass communications.

UNDERSTANDING THE STRATEGIC VALUE OF LIFETIME CUSTOMERS

While there is an apparent commitment to guiding customers along a journey from awareness to acquisition, and on into loyal, regular customers, there's a certain amount of lip service being paid to the practice of it. Businesses seem to understand the value of the objectives and metrics of creating customers for life, but perhaps lack the organizational focus or the technological capability to make it a reality.

Companies recognize the importance of keeping customers for life but are still focusing more on new customer acquisition for revenue growth and marketing priorities. While acquisition will necessarily always play a part in any organization's growth, the number of companies still prioritizing it over retention indicates too many don't yet understand how to focus retention efforts. And where they do understand, they may not yet have the tools to follow through. Marketing teams are still largely siloed from one another and from data gathering teams and systems, and focused more towards acquisition rather than revenue-generating retention. Metrics of customer value are not widely utilized to guide marketing activities, and leadership remains focused on transactional business models rather than on a model that prioritizes customer experience at the highest levels, and across the organization.
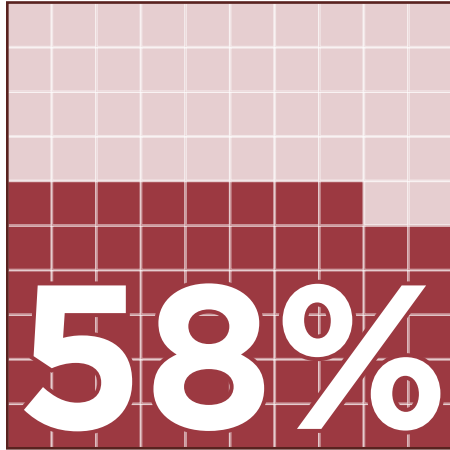
In relation to other organizational business goals, 94% of respondents rate keeping customers for life a somewhat high, extremely high or top priority; 4% do not rate it a priority at all. Of those that do prioritize it, less than half (49%) are well satisfied with how their current marketing technology supports those goals.

"As much as we want to understand the lifetime value of the customer, it is very difficult to trust the numbers—and even more difficult to translate how individual transaction can affect that number. That makes it difficult to prioritize business process or technology improvements that may influence a customer-facing metric, but not a concrete bottom-line dollar amount."
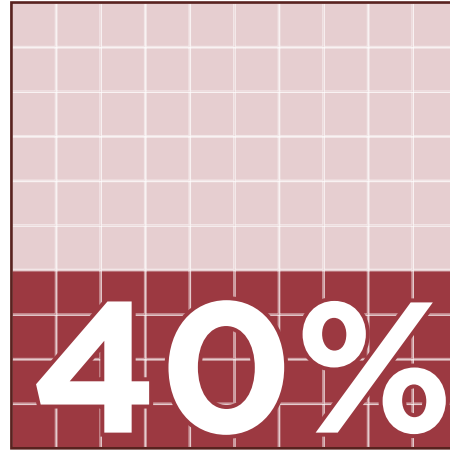
—VP, retail/wholesale industry

1. TOP PRIORITIES FOR MARKETING ORGANIZATIONS TODAY

ATTRACTING NEW CUSTOMERS	TURNING CURRENT CUSTOMERS INTO CUSTOMERS FOR LIFE	DEVELOPING A SINGLE VIEW OF EACH CUSTOMER
58%	**40%**	**28%**
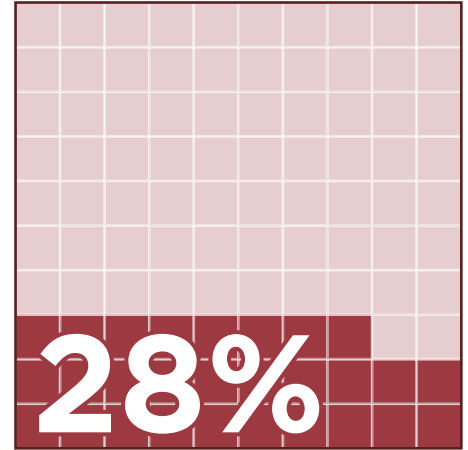
2. WHICH OF THE FOLLOWING IS YOUR COMPANY CURRENTLY MOST FOCUSED ON, IN TERMS OF REVENUE GROWTH?

12 PERCENT Current, recently acquired customers

2 PERCENT Other

38 PERCENT Loyal, regular customers who purchase frequently

49 PERCENT Acquiring new customers

IDENTIFYING VALUE

As Wharton Professor Eric Bradlow points out (see Q&A, page 9), customer lifetime value (CLV) measurements exactly balance costs of acquisition, retention and future spending. It is a metric that allows businesses to determine those customers that represent the highest future value and focus marketing efforts accordingly. Transactional metrics, such as average individual transaction, purchase and interactions, are likewise important in forming a picture of a business's relationship with customers.

3. IMPORTANCE OF LIFETIME VALUE METRICS TO STRATEGIC PLANNING FOR ACQUISITION, RETENTION AND REVENUE GROWTH, COMPARED WITH RATES OF UTILIZATION

77% SAY AVERAGE CUSTOMER LIFETIME VALUE **(CLV)** IS A HIGHLY OR EXTREMELY VALUABLE INDICATOR...

BUT

ONLY
58%
regularly calculate
average CLV

JUST
18%
have plans to
calculate it

AND
24%
have no plans
or just don't know

CLV metrics are recognized for their value in strategic planning for acquisition, retention and revenue growth—but regular usage lags behind, indicating a potential disconnect between intention and action. Over three-quarters of respondents indicate average and maximum potential CLV metrics are highly valuable to their planning, yet just 58% regularly calculate average CLV, and 47% do not know potential maximum CLV.

Lifetime value metrics are incredibly useful because they allow companies to identify the likelihood a customer will churn in a particular period, and therefore also to identify those that promise to return the most value—and then orient marketing and other customer-facing activities accordingly. They are also measures of progress and, as Expedia's global CMO, David Doctorow, says (see Case Study, page 17), they help determine "whether loyalty is a myth or reality"—and the kinds of customer treatments that should then be provided.

THE VALUE OF A CUSTOMER

Q&A With Professor Eric Bradlow, Co-Director, Wharton Customer Analytics Initiative, the Wharton School of Business

What is the role of analytics in helping businesses retain customers?

The reason analytics has become so popular today is that technology has enabled firms to collect data at the level of the individual customer. With that data you can now predict and give an estimate of customer value, which means you can optimize against that.

And what about identifying those customers with the highest value?

If you think about the way acquisition, retention and churn work together, customer lifetime value should be thought of for a firm as the net present value of future cash flows—so subtracting acquisition cost. There are some customers for which the cost of acquisition outstrips their future revenue stream. Those are customers you should not try to acquire.

There are customers for which, after you've acquired them, their future revenue does not outstrip the cost it takes to retain. Those customers should be either "fired," or be treated as a cash cow—meaning: don't spend any money retaining them, but just whatever revenue you're going to get from them, you treat as a bonus.

That's really the fundamental concept, and it's why firms are investing in CRM systems today. It's not so much to minimize churn, although that's a nice thing. Churn is just a component of customer lifetime value. You may have a customer that doesn't churn for 30 years, but the customer also doesn't provide any revenue for that 30 years. Is that really a great customer?

What firms are recognizing is that simple metrics like cost of acquisition and churn rates are incomplete and that you really need to think about the entire revenue stream of a customer. Customer lifetime value exactly balances cost of acquisition, retention, future spending. It incorporates them all into one number.

# AN ALL-IN STRATEGY FOR BETTER CUSTOMER EXPERIENCE

A strategic approach towards attracting and keeping customers for life is an important guide against which overall acquisition and retention activities can be designed, implemented and measured. The importance of having such an approach is clearly well understood by the businesses surveyed, with 84% of respondents indicating that a strategic approach of some sort exists within their organization. However, only 49% indicate it is an integral part of their overall business strategy.

Where the research finds businesses lacking, in many cases, is the crosscutting organizational focus and the necessary tools and talent to implement their strategies to the best effect.

Attracting and keeping customers for life is increasingly and necessarily a whole-organization focus, not just one for marketing or other customer-facing departments. Likewise, marketing and technology teams need to be involved in strategy setting at the highest levels. As happened at all-terrain vehicle manufacturer Polaris (see Case Study, page 13), the mandate to improve customer experience was elevated to the executive level and crosscut all dealer and customer-facing teams, and even the supply chain—an "all-in" approach. Polaris's leadership recognized the importance of customer experience as a revenue driver and acted accordingly. It was a similar story

4. HOW INTEGRATED ARE THE VARIOUS CUSTOMER-COMMUNICATIONS AND DATA-GATHERING SYSTEMS IN USE THROUGHOUT YOUR ORGANIZATION?

27% FULLY INTEGRATED

58% PARTIALLY INTEGRATED
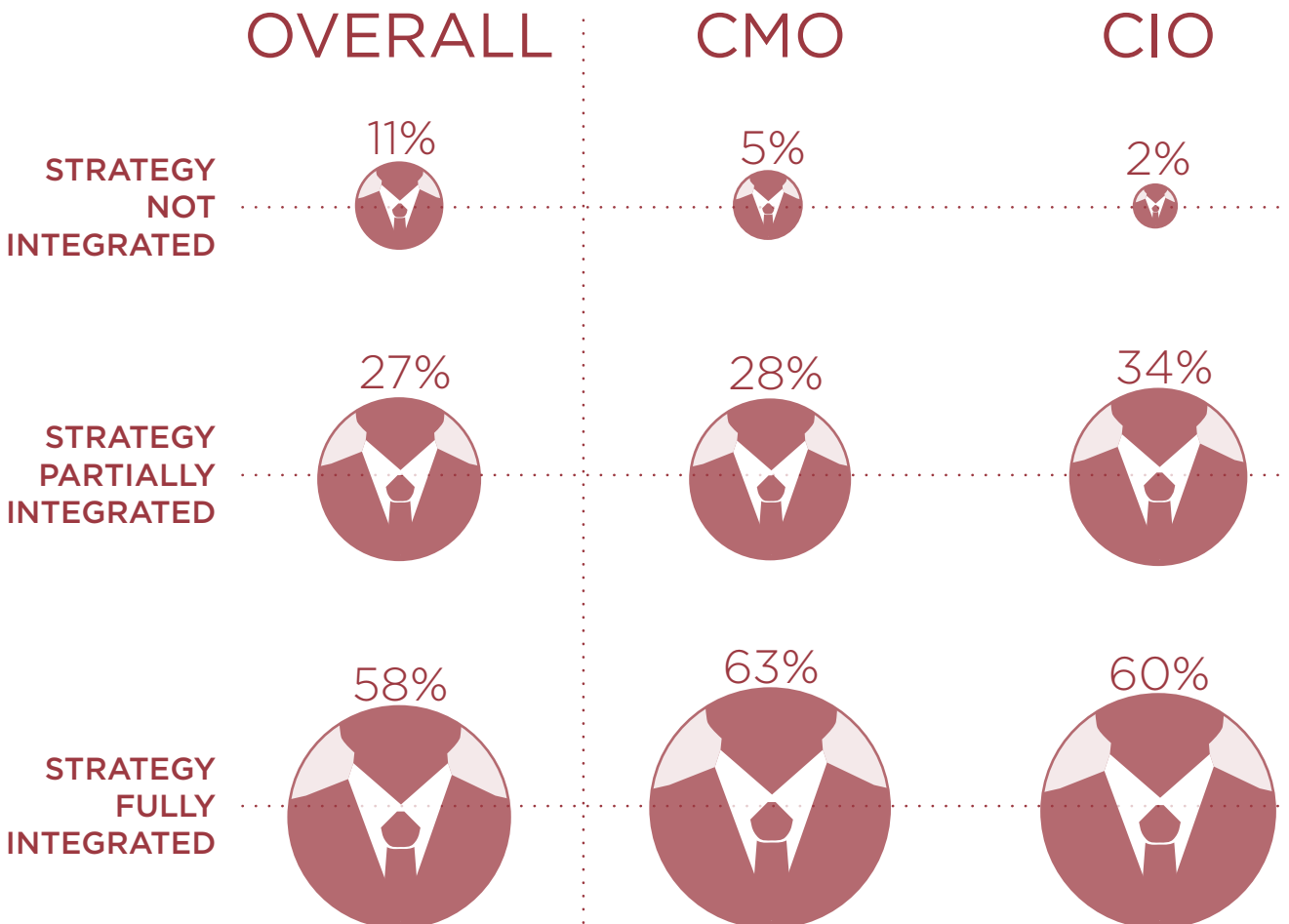
11% NOT INTEGRATED
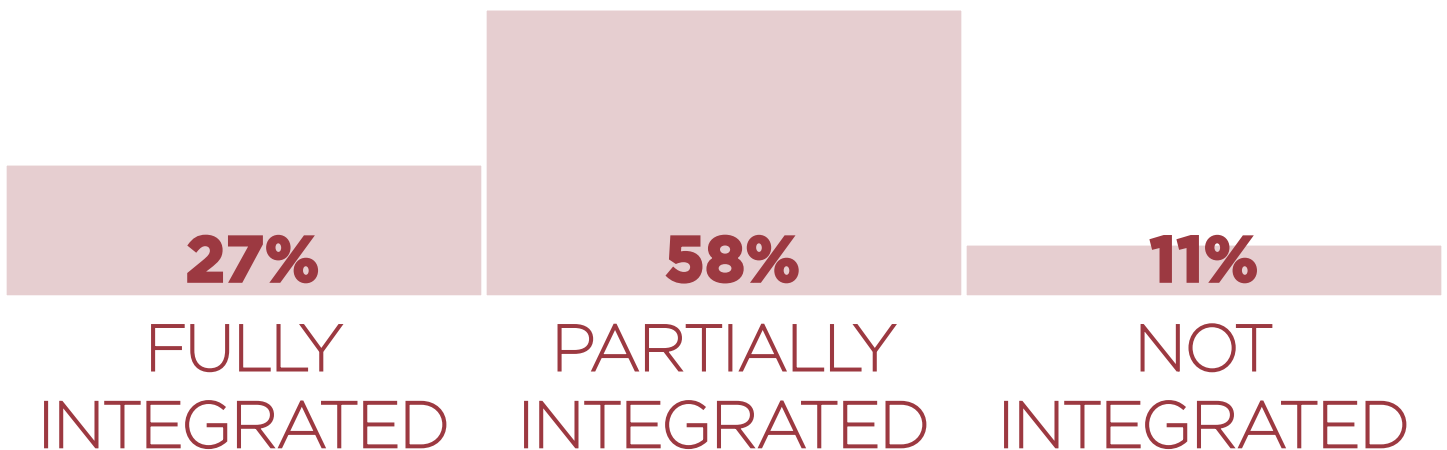
at Expedia (see Case Study, page 17), where technological and data improvements were teamed with structural ones to fully deliver a better customer experience. In both cases, improvements in customer experience have resulted in improvements to the bottom line.

Yet the results of this research indicate that while organizations recognize the importance of a strategy for keeping customers for life, and that they have such a strategy in place, they don't always develop it with widespread input. C-level marketers and technology executives are often left out of the process. Seventy-three percent of those who have a strategy say the CEO is involved, but only 38% and 34% indicate either the CMO or CIO, respectively, is involved in developing that strategy.

Survey results bear out the importance of an all-in approach to strategy. When CIOs or CTOs are involved in customer-for-life strategy development, integration between the teams responsible for customer acquisition and interaction goes up to 43% and 45% respectively, from just 37% overall.

The findings carry through to integration of technology. For example, those that do involve a CMO or CIO are more likely to report full integration of customer-communications and data-gathering systems in the organization.

5. WHICH CHIEF OFFICERS ARE INVOLVED IN SETTING THAT STRATEGY?

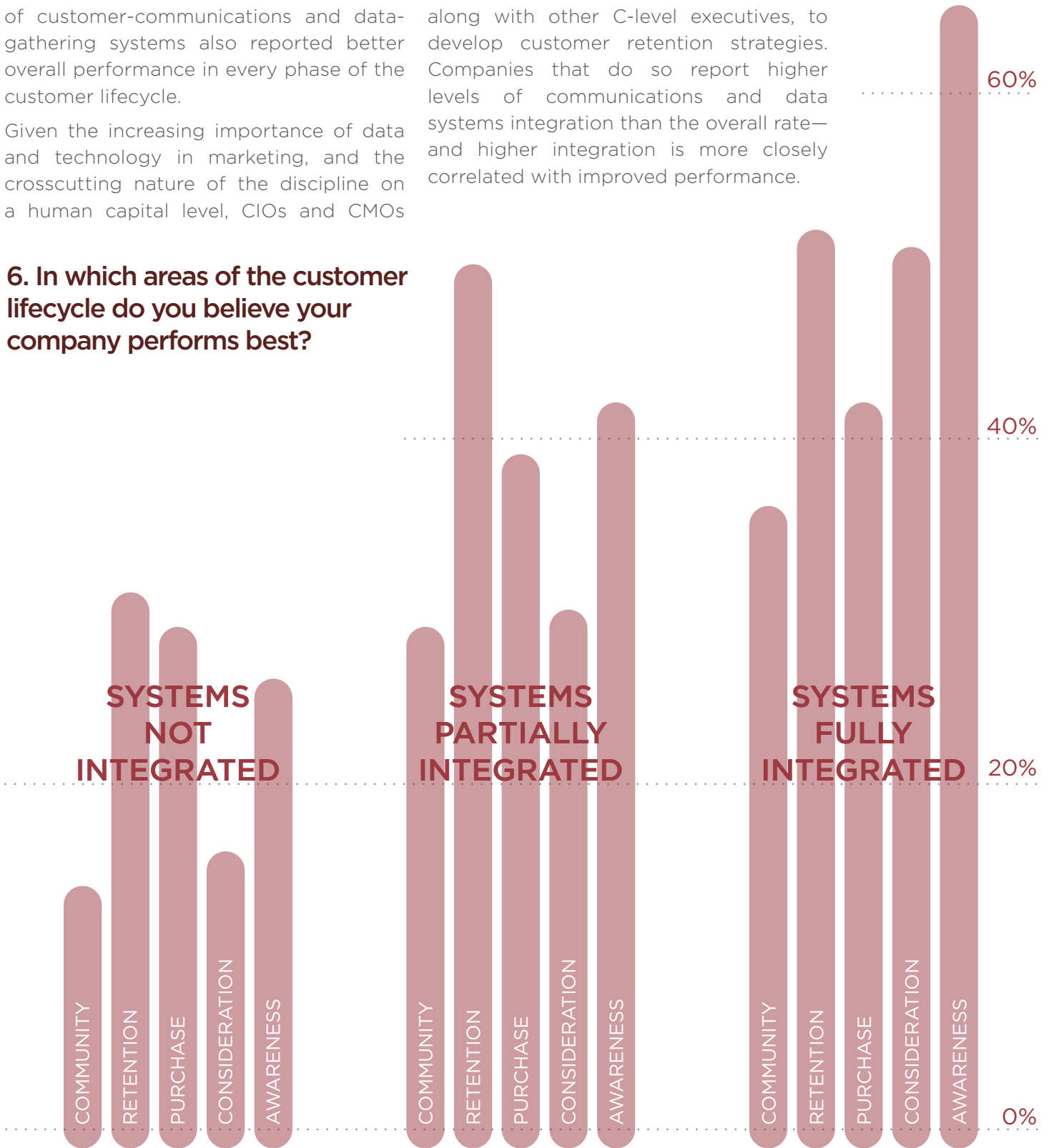|	OVERALL	CMO	CIO
STRATEGY NOT INTEGRATED	11%	5%	2%
STRATEGY PARTIALLY INTEGRATED	27%	28%	34%
STRATEGY FULLY INTEGRATED	58%	63%	60%

Respondents who reported full integration of customer-communications and data-gathering systems also reported better overall performance in every phase of the customer lifecycle.

Given the increasing importance of data and technology in marketing, and the crosscutting nature of the discipline on a human capital level, CIOs and CMOs should work more closely together, along with other C-level executives, to develop customer retention strategies. Companies that do so report higher levels of communications and data systems integration than the overall rate—and higher integration is more closely correlated with improved performance.

6. In which areas of the customer lifecycle do you believe your company performs best?

SYSTEMS NOT INTEGRATED

COMMUNITY
RETENTION
PURCHASE
CONSIDERATION
AWARENESS

SYSTEMS PARTIALLY INTEGRATED

COMMUNITY
RETENTION
PURCHASE
CONSIDERATION
AWARENESS

SYSTEMS FULLY INTEGRATED

COMMUNITY
RETENTION
PURCHASE
CONSIDERATION
AWARENESS

60%

40%

20%

0%

POLARIS INDUSTRIES: AN INTEGRATED APPROACH TO CUSTOMER EXCELLENCE

Building on its strength of innovative products, Polaris is driving customer excellence at the executive level, integrating service, supply and technology. Polaris is forecasting $4.4 billion in revenue this year, up double digits over 2013.

When Tim Larson was named vice president of global customer excellence at Polaris in 2013, one of the first things he did was travel to more than 100 of the company's dealerships, to meet both dealers and customers, and understand their experience and journey from pre- to post-sale. This exercise was part of a deliberate move at Polaris to orient its business model away from the transactional focus of old and towards experience; a direction Larson says initially came from Chairman and CEO Scott Wine. "[He] wanted to elevate customer excellence and the focus on the end-to-end customer experience, leading and driving it from the executive level throughout the organization," says Larson

"So unlike some organizations where customer experience is an individual team or a couple of individuals, Polaris has brought together our customer and market-facing areas of sales, service, corporate marketing and interactive technology in order to align and integrate the resources and the people that directly serve our dealerships and the end customer."

Larson says Polaris is fortunate to have earned long-term relationships that span multiple decades: many of its customers discovered the vehicles with family and grew up riding them through the outdoors. That's where brand awareness and loyalty starts, and is passed down from generation to generation. Looking at those relationships over a customer's lifetime means the focus isn't just on the point of purchase, but how the brand approaches service, repairs, warranties, the supply chain and even repurchase.

"Certified Polaris Service or Polaris Engineered accessory purchases provide opportunities to demonstrate our value and extend our ongoing relationship with customers," says Larson. "By delivering on those interactions and removing detractors to those experiences, you have a chance to create and strengthen loyalty with customers. We've actually found that service is a higher predictor of their lifetime loyalty than their initial purchase, which further reinforces the importance of the end-to-end experience focus."

As part of the company's post-sales service, it's developed an app—Rider X—that gives owners access to diagnostic information about their vehicles and directly connects to Polaris for updates on the vehicle. The app also provides training videos and locations of local motorcycle or ATV trails in the area.

> "Polaris has brought together our customer and market-facing areas of sales, service, corporate marketing and interactive technology in order to align and integrate the resources and the people that directly serve our dealerships and the end customer."
>
> *—Tim Larson, Vice President Global Customer Excellence, Polaris*

To evolve from a transactional mindset to a customer one, Larson says there were three key foundational changes implemented. The first was creating the right organization and culture with dealers and employees to think about people not as transactions, but as customer relationships and end-to-end experiences. They've shifted internally from talking about how many units are sold to how many customers choose the brand, and from percentages affected by issues to the number of customers affected. The shift was enabled by the provision of data to show the value of a customer not only at point of purchase, but throughout their lifetime. The second aspect was ensuring the proper capabilities and expertise were in place. One way to do that was by investing in training and providing master service dealer certifications for the dealer network. The third foundation involved measurement, expanding from product-based metrics to customer-based measures at each stage of the customer journey, not just at the product transaction

And the changes are working. Polaris is forecasting an estimated $4.4 billion in revenue for 2014, up by double digits over 2013. "It is making an impact, and it's very measurable," Larson says. "I think sometimes there's a perception that [customer experience] can be kind of soft. The reality is, this is a very impactful and measurable area with direct and significant impact on both consumer and profitability KPIs. It's also a key part of driving a more effective use of the marketing dollar, because you can measure how much better you're converting and retaining those customers over a lifetime. Transforming to a customer-centric organization is a journey that requires focused effort, but we are encouraged by the results we are able to drive for our customers, dealers and stakeholders. It's definitely worth it."

SINGLE VIEW OF THE CUSTOMER

A single view of the customer is an important milestone along the road to creating customers for life. A true 360-degree view allows businesses to access important information about consumers and utilize it when and where it's relevant, whether for communications or marketing activity. This deep level of understanding on an individual basis is what allows Expedia's call-center representatives (see Case Study, page 17) to know what loyalty club members are likely calling about without it having to be explained; and it's also behind Polaris's Rider X app, which enables communication about the health of vehicles between manufacturer and owner.

Achieving such a holistic view is hugely important to customer experience, and the research results show businesses recognize that by prioritizing it internally. However, fragmented and siloed data systems and teams hold them back from realizing it.

Proliferation and fragmentation of data-gathering systems in marketing is creating issues for intersystem compatibility, slowing down or preventing integration and subsequently a single customer view. Integration of systems and teams is necessary to a 360-degree view, which in turn better facilitates management of customer relationships—and yet many businesses lag on this element.

Respondents reported an average of

7. IS DEVELOPING A SINGLE VIEW OF EACH CUSTOMER A PRIORITY?

PRIORITY 53%
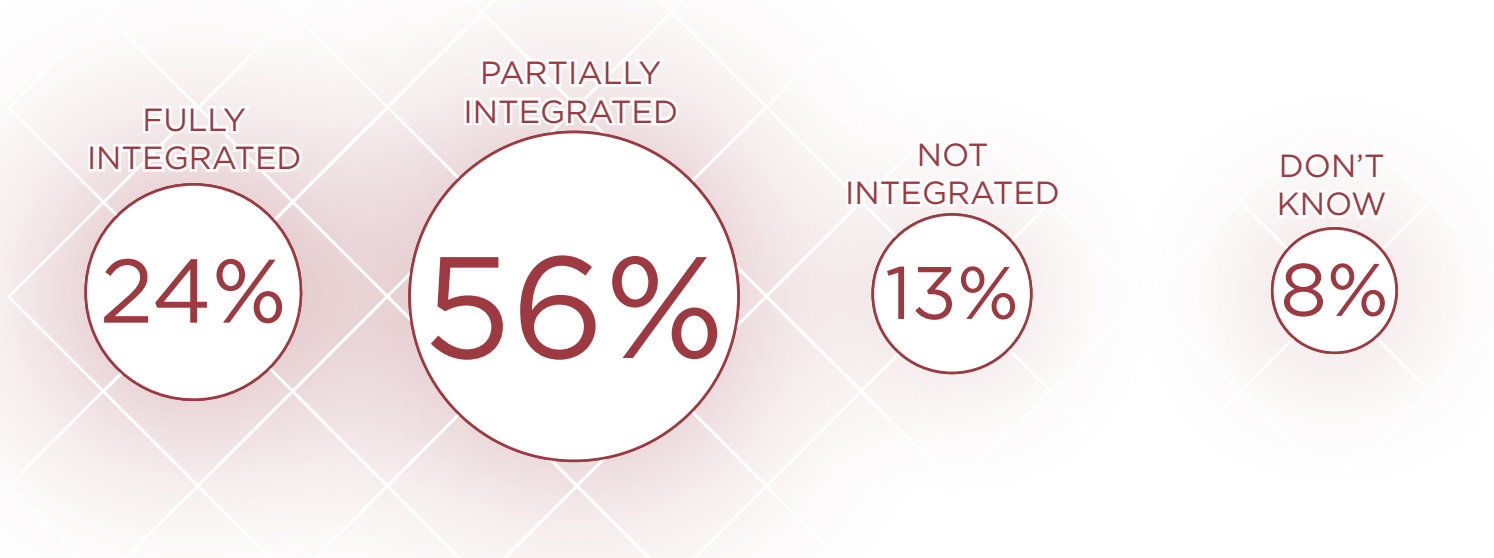NEUTRAL 31%
NOT A PRIORITY 16%
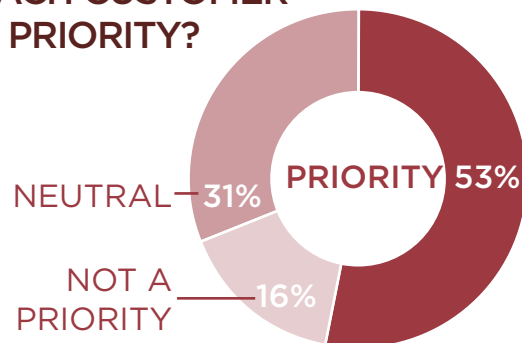
36 different data-gathering systems and vendors used by their organization for marketing efforts, but some responses indicated hundreds were involved—underscoring the enormity of the challenge in integrating all these disparate systems.

8. THE TOP TECHNOLOGY CHALLENGES TO DEVELOPING A SINGLE CUSTOMER VIEW

Multiple/duplicate records	41%
Too many systems/difficulty keeping track of where data is housed	38%
Siloed data	37%

9. HOW CONNECTED OR INTEGRATED ARE THE VARIOUS CUSTOMER-COMMUNICATIONS AND DATA-GATHERING SYSTEMS IN USE THROUGHOUT YOUR ORGANIZATION?
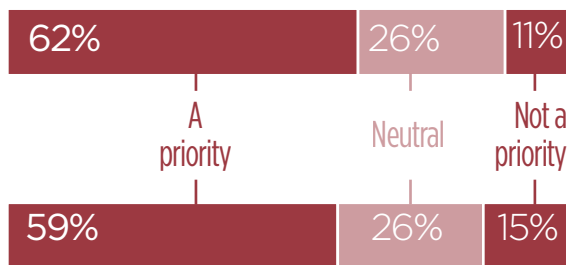
FULLY INTEGRATED
24%

PARTIALLY INTEGRATED
56%

NOT INTEGRATED
13%

DON'T KNOW
8%

10. TOP BARRIERS TO INTEGRATING DISPARATE MARKETING TEAMS

36% Still developing various marketing touchpoints

32% Capabilities not sufficiently evolved to need this sort of integration

27% Lack of willingness to collaborate across teams

11. TO WHAT DEGREE IS THE FOLLOWING A PRIORITY FOR YOUR ORGANIZATION?

Creating a single, central customer marketing database that houses customer experience information

A priority	Neutral	Not a priority
62%	26%	11%
59%	26%	15%

Having a single system to deliver customer experiences across all potential digital channels

While 90% reported some level of integration of these customer-facing teams, just 37% said the teams were fully integrated.

Just over half (54%) of respondents feel their company's marketing teams are connected enough to develop a single view of the customer.

Given the lack of integration still present in both systems and structures, addressing integration of both needs to be an organizational priority if businesses truly want to realize a single view of the customer. That said, businesses do appear to realize this and have placed a high priority on doing so—however, they will need to follow it up with action and investment to make it a reality.

Organizations use an average of **36** different data-gathering systems and vendors for marketing efforts, with some using more than **100.**

EXPEDIA DRIVES REPEAT BEHAVIOR

Enhanced technology and customer-experience strategies are key. The desire to "do right" by customers and inspire loyalty motivated an internal shift at Expedia, away from a transactional model to a customer-centric one enabled by analytics and integration.

Travel website Expedia wanted to encourage repeat shopping and purchase behavior, and deepen its relationship with customers with the view to increasing share of wallet and growing revenue. To do that, it needed to know more about its customers, including those who purchased and those who were just browsing. Expedia wanted to provide better and more-customized service, targeted towards the types of travel and offers that made sense for each customer. So, says Global CMO David Doctorow, the company invested significantly in integrating its technology and teams with the aim of providing better service, inspiring greater loyalty and improving returns.

"We did a fair bit of work and quite a lot of investment upon the belief it would yield," says Doctorow. "We didn't know for certain what the ROI would be, we just believed it would allow us to serve customers better. That was part of the journey."

Far from the transactional focus of a few years prior, Doctorow says, Expedia now is focused on knowing and servicing customers and their needs. That means logged-in customers are recognized and can be delivered offers that take into account where they've traveled, what they've searched for—even what they've doodled on the in-site "scratchpad." Beyond that, there's a customer loyalty program that offers members a specialized call-center experience, where callers are identified by phone numbers and greeted by representatives who already have a good idea what the call is about.

"The trick is we want to learn as fast as possible both what [customers] have bought and what they've shopped for to know what is going to be relevant to tune into communications," says Doctorow. "It comes down, in the end, to quite a bit of mathematics. We're trying to learn faster through pattern recognition what are the leading indicators that cause us to know what segment a customer is in, and what kind of offers are relevant."

Expedia also has an app that extends the customer experience past the website to a traveler's smartphone or tablet. It keeps track of itineraries and pushes useful information about gate changes and flight delays, for example.

"That kind of tailored experience [as a customer] starts to feel like the company knows who I am and what I'm up to, and that translates into an emotional connection," says Doctorow.

Getting to this point was in no way a small feat. It involved building a database to collect and connect customer information, orienting it towards a single view of the customer, investing in data science capabilities, placing this knowledge across teams organization-wide, and running hundreds and hundreds of tests to ensure they got it right.

The hard work has paid off for Expedia, with 24% revenue growth in the second quarter of 2014, primarily driven by strong growth in air travel and hotel bookings. In fact, the latter experienced a record-setting increase of 29% for the quarter. "We're seeing fantastic results around repeat purchasing behavior and repeat shopping behavior," Doctorow says. "We're seeing very, very positive results in customer loyalty, causing us to want to continue to invest. We've come to the conclusion that doing right by customers, enabled by these analytic capabilities for technology, is the right thing to do for us."

DELIVERING ON PERSONALIZATION

A 360-degree view of the customer allows organizations to create personalized and relevant customer communications in every context, and often on the fly. Whether the communications occur through a call-center representative, mobile push notifications, email or in-person, the customer should have a seamless experience, and systems should be primed with the right information to deliver at the right time.

12. CUSTOMER INTERACTION

10% do not

61% work to make sure teams have indirect or direct access to customers

28% are neutral
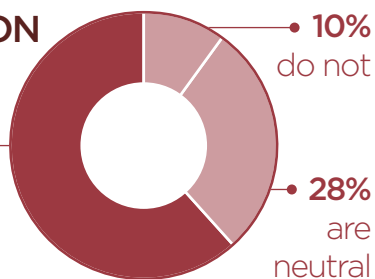
Despite business's desire to communicate seamlessly with customers and to do so across a range of touchpoints in an integrated manner, the marketing and data teams needed to achieve this are still largely siloed. A better grasp of analytics

software and capabilities improves communication and performance in these areas.

Notably, the percentage of respondents rating their companies highly in this section jumps from **61%** to **78%** among respondents who also rate their organization's ability to use analytics as very good to excellent. It's a similar story when rating marketing teams on sending relevant communications, and

13. CUSTOMER INTERACTION MARKETING STRATEGY

Our marketing teams excel at making sure customer communications make sense for each customer personally.

Our marketing teams excel at anticipating needs rather than sending mass customer communications.

ALL RESPONDENTS

76%   56%   51%   72%

Those who rate their organization's ability to use analytics highly

those that anticipate needs.

That said, almost half (49%) still describe their marketing and data teams as fairly siloed, working independently from each other, although three-quarters (75%) say their organization strives to communicate with existing and potential customers across a wide variety of touchpoints.

While two in three respondents (66%)

agree on the importance of personalized, relevant communications, organizations still struggle to capitalize on this.

As noted earlier in this section, marketers' ability to send communications that are not only relevant but anticipate needs improves with a better organizational handle on analytics.

14. WHICH OF THE FOLLOWING IS MORE IMPORTANT TO YOU?

...and how well is your organization aligned with the approach?

66%:
Personalized, relevant customer communication

34%: Staying in regular communication with customers, regardless of personalization

EXTREMELY WELL ALIGNED: **32%**

18%

SOMEWHAT WELL ALIGNED: **57%**

67%

NOT ALIGNED: **11%**

15%
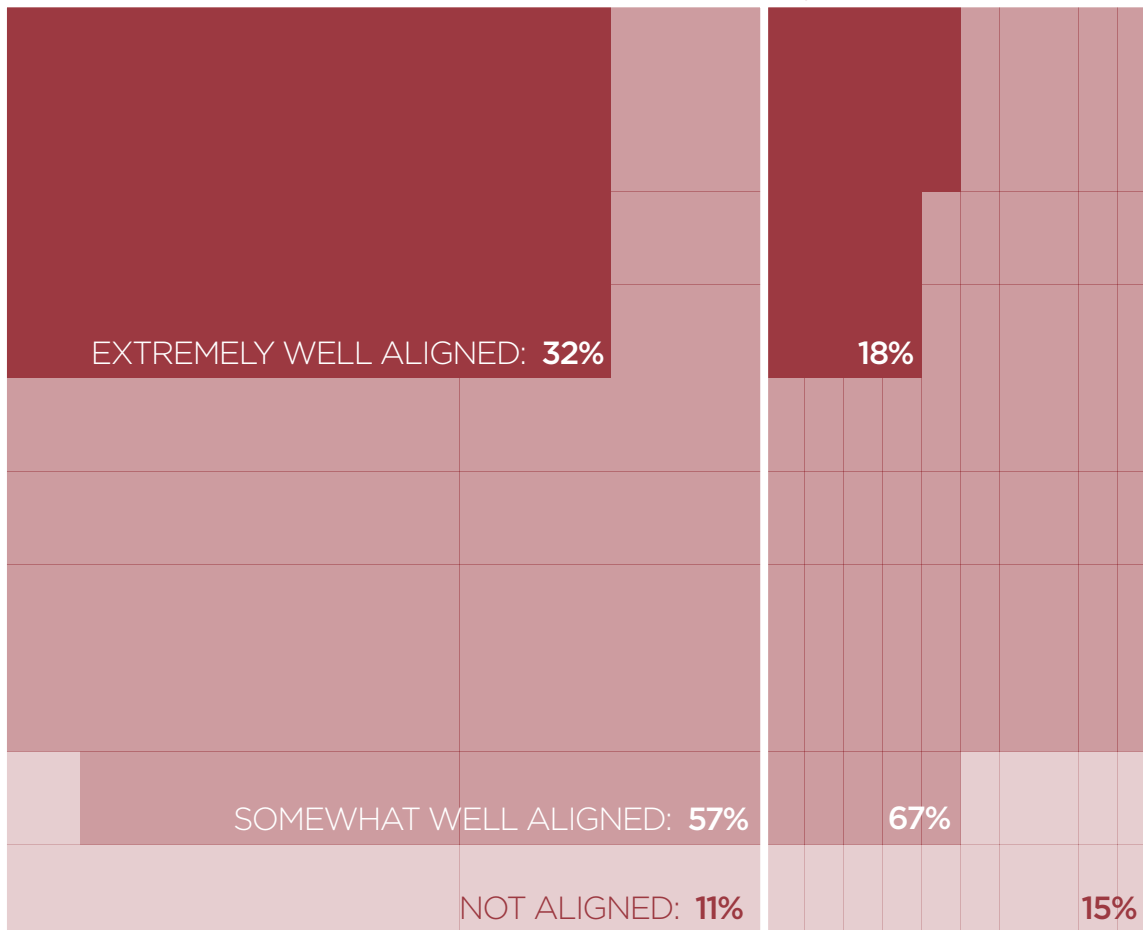
CONCLUSION

The value of creating customers for life is clear, and marketers are understandably focused on guiding customers towards this end. As a rule, businesses see value in the customer-for-life concept and some have even committed to it internally—however, many do not appear organizationally ready to deliver upon it. And they will continue to lack preparedness as long as they continue to take a piecemeal approach to technology, data and organizational structures.

Respondents identified a lack of cohesion in their own organizations, disparate technology, and silos of both data and team functionality. Unsurprisingly, these are precisely the areas also identified as the biggest challenges to achieving a single view of the customer and customers for life.

The good news is that businesses recognize this, and the creation of centralized systems to handle data and customer communications appears to be a priority, as is the recognition that analytics is a key tool to improving performance. But organizations will need to follow through with investment to make sure they realize the benefits.

Team integration and technology go hand-in-hand. Those who report better integration also tend to have a better handle on analytics, underscoring the close relationship between the two. The benefits reveal themselves through better performance in all areas of the customer lifecycle.

Businesses already have the vision to create customers for life. Those organizations that orient themselves now to doing so will win a valuable competitive edge and are likely to emerge as market leaders. Now they just need to make it a reality.

& RECOMMENDATIONS

- **Organizations must prioritize customer-for-life goals.** They should be given a prominent position in revenue growth strategies and technology landscapes refined to support those goals.

- **Businesses should reconnect intention with action and make regular use of lifetime value metrics**. To better understand which customers drive the most revenue potential, both average and maximum lifetime value should be regularly calculated to assist in setting priorities, directing spend and measuring effectiveness.

- **Take a whole-organization approach to strategy setting.** Include C-level marketing and technology executives in the process. Prioritize customer experience at the executive level to cut across the organization. Given the crosscutting nature of marketing and its reliance on technology for data gathering and analysis, and the challenges that data silos and a lack of integration pose to achieving customer-for-life goals, CMOs, CTOs and CIOs should work more closely with leadership in setting customer retention strategies.

- **Simplify the multiplicity of platforms and programs used to house customer information.** Seamless interactions with customers are impossible without seamless access to data. Integration of teams and technology is key.

- **Prioritize a single, centralized platform for managing data and communications,** and follow through with investment. Fragmentation of both teams and data are major barriers to a single view of the customer, so silos must be overcome.

- **Implement systems that allow communication to be personalized not just on content, but also on frequency.** Anticipating needs and sending relevant customer communications at that time is part of the personalization and quality experience as much as content is.

METHODOLOGY

This study is based on a survey of 312 senior executives based in North America conducted by Forbes Insights in July 2014. The respondents represented a broad range of industries. Twelve percent were CEO/president/managing director, 17% other C-level, and 61% SVP/VP/director. All companies represented had at least $500 million in revenue; 30% had $1 billion to $9.9 billion in revenue; and 19% had $10 billion or more in revenue.

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NOTES

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