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The race for customers comes down to one thing: who knows them best

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Executive summary

We are in an age of unprecedented opportunity, where ubiquitous data and new technologies are shaping the world and dramatically changing the way consumers interact with businesses like yours.

The rise of fintech companies is driving competition, e-commerce has raised the bar for digital experiences, fraud is at an all-time high, and there is pressure to grow your business. You need to meet these challenges head on and do it in a way that can scale with the increasing volume — and value — of customers. All while meeting and exceeding customer expectations.

We believe rapid, sustainable growth can be fuelled by acquiring the right customers and delivering customer experiences that align with their expectations. To succeed you need a comprehensive, unified view into your customers and their needs. As a business leader, how do you achieve these objectives? What can you do to attract and acquire new customers? What tools do you need to quickly act on insights and to make consistent, relevant decisions — decisions that lead to optimal experiences and set you apart from the competition.

To help us answer these questions and better understand how businesses are tackling the challenges and opportunities surrounding digital transformation, we commissioned Forrester Consulting to conduct a global survey amongst senior executives like yourself.

They must ensure that they offer appropriate products that their customers can afford and benefit from now and in the future, regardless of market conditions or changing personal circumstances. Having this full visibility on all the interactions each customer has with your organisation, across channels and over time, is the key to making the personalised, precise decisions consumers want. From a business growth perspective, two thirds of executives believe their profitability would improve if they were able to create that single, comprehensive view of the customer.

Our research also shows that businesses from around the world have access to more data than ever before and are already investing in new technologies to make sense of it. Most of them are committed to keeping up with the pace of change to stay relevant. So, what is holding them back from executing their 'customer-first' vision?

"With intense competition over customers, consumers' demand for convenience, rising fraud losses and ambitions to grow the business, senior leaders are feeling challenged and less confident about their approach. However, these challenges present enormous opportunities. By combining advanced data, analytics and decisioning capabilities, businesses can deliver higher value to customers and drive years of strong growth"

— Steve Wagner, Global Managing Director, Experian Decision Analytics

Key findings

In their quest for sustainable growth and market leadership, businesses are shifting their strategies towards a truly customer-centric or 'customer first' model. However, they recognise there is still more work to be done.

- Considering their current level of digitalisation, 79 percent of key decision makers believe their customers can seamlessly interact with their organisations across mobile, web, and in-person channels – and are generally positive about the progress they are making. They take pride in delivering a best-in-class digital experience but increasing customer expectations are setting the bar higher and higher. In contrast, Forrester Consulting finds consumers might have a different view.[1] Their latest Customer Experience Index found that although executives worldwide are catching up to the fact that high quality customer experience correlates with business growth, progress on improving customer experience has stalled . Or in other words: businesses of all sizes still struggle to fully understand what matters most to their customers.

- Two thirds of executives believe their profitability would improve if they were able to create that single, comprehensive view of the customer. Knowing and understanding your customers better than anyone else is paramount to consistently assisting them how, when and where they need it. We live in a post-financial crisis era where stringent consumer protection initiatives add pressure for financial institutions and other regulated entities to repair their credibility and recover consumer trust. They must ensure that they offer appropriate products that their customers can afford and benefit from now and in the future, regardless of market conditions or changing personal circumstances. Having this full visibility on all the interactions each customer has with your organisation, across channels and over time, is the key to making the personalised, relevant, timely and precise decisions consumers want.
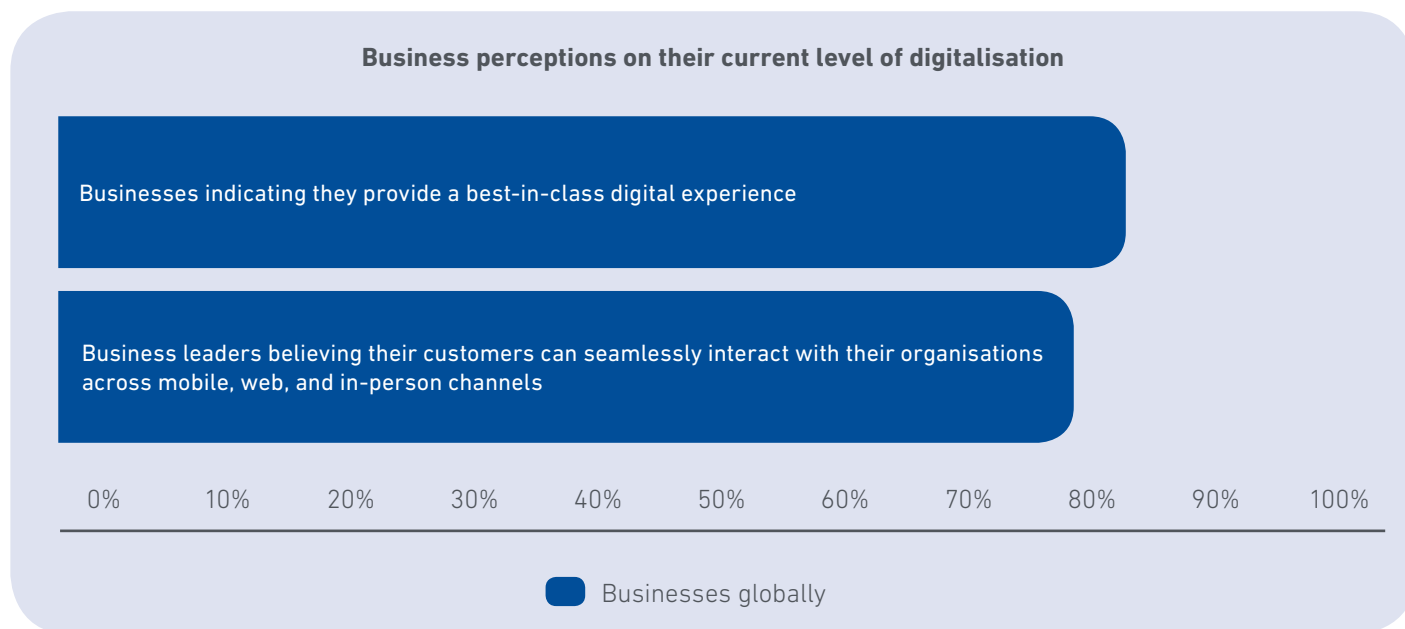
- Six out of ten executives believe sharing their data with third parties and tapping into additional data will help them create frictionless customer experiences. But there are some challenges they need to overcome before achieving that. For example, 40 percent of executives globally still feel they cannot easily share their data. They also need to make sense and find meaning from all the data they have. They are currently investing in new technologies to make sense of their data, but these efforts are not going far enough. We believe advanced analytics can help bridge this gap by transforming information to help people, businesses and organisations protect, manage and make the most of their data. Today's technology enables you to automate complex activities such as compiling, standardising and retrieving data, managing and continuously improving your decision-making processes. Applying analytical models and software to transform raw data into meaningful information and insights can help you solve your customers' problems and make valuable business decisions more quickly and effectively.

Our research showed businesses are committed to keeping up with the pace of change to stay relevant. So, what is holding them back from executing their 'customer-first' vision?

In our opinion, a single customer view is a single, consistent, accurate and holistic view of your organisation's customers, prospects and their data

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Business perceptions on their current level of digitalisation

Businesses indicating they provide a best-in-class digital experience

Business leaders believing their customers can seamlessly interact with their organisations across mobile, web, and in-person channels

0%   10%   20%   30%   40%   50%   60%   70%   80%   90%   100%

● Businesses globally

Unprecedented market challenges can lead to new opportunities

Digital transformation brings together data and technology, blurring the lines between the physical and digital worlds. It creates a disruption comparable to the one that followed the introduction of the steam engine, electricity or the micro-processor. And it is unfolding quickly, challenging leaders to adapt and master change or risk becoming outdated.

The e-commerce industry has set the bar high for creating and meeting customer expectations. They have become the stewards of digitalisation – evolving from one-time transactions to create loyal followers, build relationships, and facilitate repeat purchases. The result? They can deliver the curated experiences consumers demand. Financial services and other sectors can find inspiration in how retail brands focus their customer strategies on relevance and personalisation.

Fintech companies have also flourished over the past few years using decades of technology developments to meet customer expectations for convenience. Thanks to a better understanding of how to connect with younger, tech savvy

and convenience-hungry consumers, fintechs have largely contributed to today's way of doing business, redefining how we think of mobile banking, digital payments and lending and offering an ever-personalised digital experience to consumers worldwide. The impact of new technology has also reached offline, taking the 'think omni-channel' premise to a whole new level and encouraging businesses of all sizes to use all the data they obtain by interacting with their customers both online and offline. This has altered the way traditional organisations across financial services, telecommunications, retail and other industries think about their technology stack, offerings and customer relationships.

Global market disruptors, such as e-commerce and fintech companies, have been quick to understand the power of data

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Global market disruptors, such as e-commerce and fintech companies, have been quick to understand the power of data. They have also been quicker than other market players to use new technologies to harness it. They have created more efficient data flows and automated a higher proportion – if not all – of their customer decisions. They have, in short, strived to personalise interactions digitally. It has been precisely their ability to capture and interpret data and take action faster than the competition which has set them apart from the pack.

With more ways to interact with all sorts of businesses via almost any channel, consumers carry with them the highest expectations for fast, convenient, personalised experiences. Consumers embrace technology quickly and expect businesses to interact with them in their preferred way, whether it is via their mobile app, a website, in person or over the phone. There is a high risk of customers becoming frustrated if you are not able to meet their expectations. This can lead to them abandoning your brand for another one. In fact, responding to these emerging threats is the main reason why businesses worldwide want to become more agile.

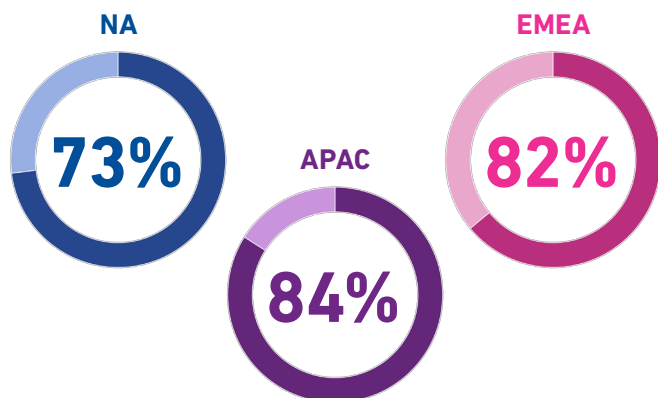## Gaining actionable insights is easier said than done

New technologies such as artificial intelligence (AI) and machine learning, along with enhanced access to data, create a world of possibilities for businesses and consumers. Modern technology empowers you to access, link and interpret different data sources so you can create a more complete view of the customer. This enriches the value you can offer to consumers, helps protect customer data and increases trust in the interactions.

Interestingly, we found that 80 percent of businesses believe they currently optimise the use of their data and create enhanced interactions with customers. We have a slightly different view. We believe businesses have a lot of data and know their customer well. But do you know how your customer interacts with other parts of your organisation? Or what is their relationship with other businesses? What do they spend their money on? Do you know how their preferences and behaviours might change when interacting with a bank versus an insurance company or their telecommunications services provider? In our experience working with clients from around the world, most businesses lack this view, therefore leaving huge opportunities on the table.

Investing in data and technology is the best way to start your digital transformation journey. There is however a long way to go before you reap the full benefits of digitalisation. For example, a customer may apply for a loan online, use the call centre to ask questions and complete the enrolment process, and then visit a branch to complete the loan. How do you replicate this experience in a fully digital way?

70% of businesses worldwide want to become more agile to respond to emerging competitors

Lacking a single view of the customer, a major concern for business leaders

NA 73%

APAC 84%

EMEA 82%

Capturing information from all customer interactions is just the beginning. Having enough data and guaranteeing it is the type of data required for the application of advanced analytics such as machine learning and AI to learn over time is key to the success of these advanced tools. Indeed, data management is a complex science. It encompasses different phases such as data discovery, data hygiene and data preparation, all of them required to have the usable sets of data needed to build analytic models for use in operational decisioning. These steps are also necessary to feed operational decisions in production, such as accessing customer account data in your systems to drive cross-sell decisions or calling out to multiple credit bureaus to make a credit decision for a given customer.

The growing amount of data organisations are gathering and intending to use creates three main challenges:

1. Data wrangling processes are required to assess the incremental benefit of new versus existing data, evaluate the total combined value of available data and create usable interpretations (e.g. models).

2. Core operational systems need to be enhanced to access the data and apply the models.

3. Data needs to be stored where it is secure, auditable and can be accessed for both analytics and operational decisioning.

While recent breakthroughs in data management, machine learning and AI offer the potential to help

address these hurdles faster and more efficiently, there is still much to do before these solutions can be fully operationalised. Automating decisions helps optimise processes and contribute to the bottom line. But applying machine learning and AI carries with it fundamental considerations for decision-making such as compliance, bias and explainability, none of them simple to implement. It is imperative to be mindful of legal implications and consumer privacy protection regulations. For instance, when a consumer applies for a loan, a financial institution can face large fines if it wrongfully rejects or accepts that application. The use of models in decisions that are regulated such as credit, need a high level of governance around them, such as proving that they are fair and not detrimental to a consumer, what data was used and how did the model work.

Obtaining and collecting enough information on customers to provide enriched experiences can be daunting

Industry focus - e-commerce
Let's look at a common example – search engines

Search engines are used to research every type of topic or question. They rely on the search terms people use to learn and increase the relevance and accuracy of the search results. As more channels emerge to interact with a search engine, cross-device identification has enabled a person to start a search using one device and continue that search (or a related one) on another. Companies like yours must consider what tools are essential to derive the insights you need to consistently deliver seamless customer-centric experiences across channels. Like search engines do.

Modernising the digital decisioning approach

What business outcomes are you striving for? What type of decisions are you making? What are your typical volumes? Knowing the answers to these question is a good place to start when considering modernising your customer decision-level strategies. Advanced analytics can help you unlock the full value of the data you have access to, enhancing your knowledge of your customers and their needs, and therefore helping you make more relevant and mutually beneficial decisions. Likewise, AI and machine learning can prove helpful to better ascertain how valuable these decisions are, the impact they have on customer relationships and ultimately, the value they bring to both your customers and your business. Other immediate benefits of applying cutting-edge analytical tools is gaining a deeper understanding of how dynamic each customer decision-making strategy needs to be and how difficult it is to make changes to those decisions.

More sophisticated tools will help you unlock greater insights. This could translate into better decisions and ultimately, greater profitability. But, as unveiled in our survey, businesses struggle with keeping pace with advanced technology to make the best use of an exponential volume of data. Particularly, most executives believe their customer decision management systems are effective overall but not strong at the individual customer level. This is understandable as common practices are becoming increasingly complicated due to new market dynamics. For example, when a consumer applies for credit, an assessment is made of their probability of default. Many regulators re now demanding an additional evaluation to determine whether the consumer can afford the repayment schedule.

This in turn requires income and expenditure data and potentially predictions of this data where there are gaps in the available data. Additionally, sophisticated data-driven organisations consider the expected lifetime value of potential customers. This requires a framework of predictions ranging from probability to take-up offers to expected usage of the product or service; from the likelihood of churn to the potential to cross-sell or up-sell other products and services. Data informs all of these processes.

Expert Tips

The trend we are observing is that more digital interactions lead to more decisions. This means that the value of analytically driven decisioning is spread across many customer journeys and each decision needs to evolve as more data is gathered or the market conditions change. It would be advisable to work from those decisions backwards. Once you identify the decisions you need to adjust first, you need to determine what information you need to make those decisions better, and what analytics you need to input into that strategy design. Then you should look at putting in place processes, toolkits, knowledge and skills within the organisation and potentially, in cooperation with a third party. Following these steps will make your data and analytics efforts more productive and allow you to have an on-going program of prioritising, assessing, and improving the strategies associated with all those decisions.

Many executives believe a potential solution for their challenges is data aggregation
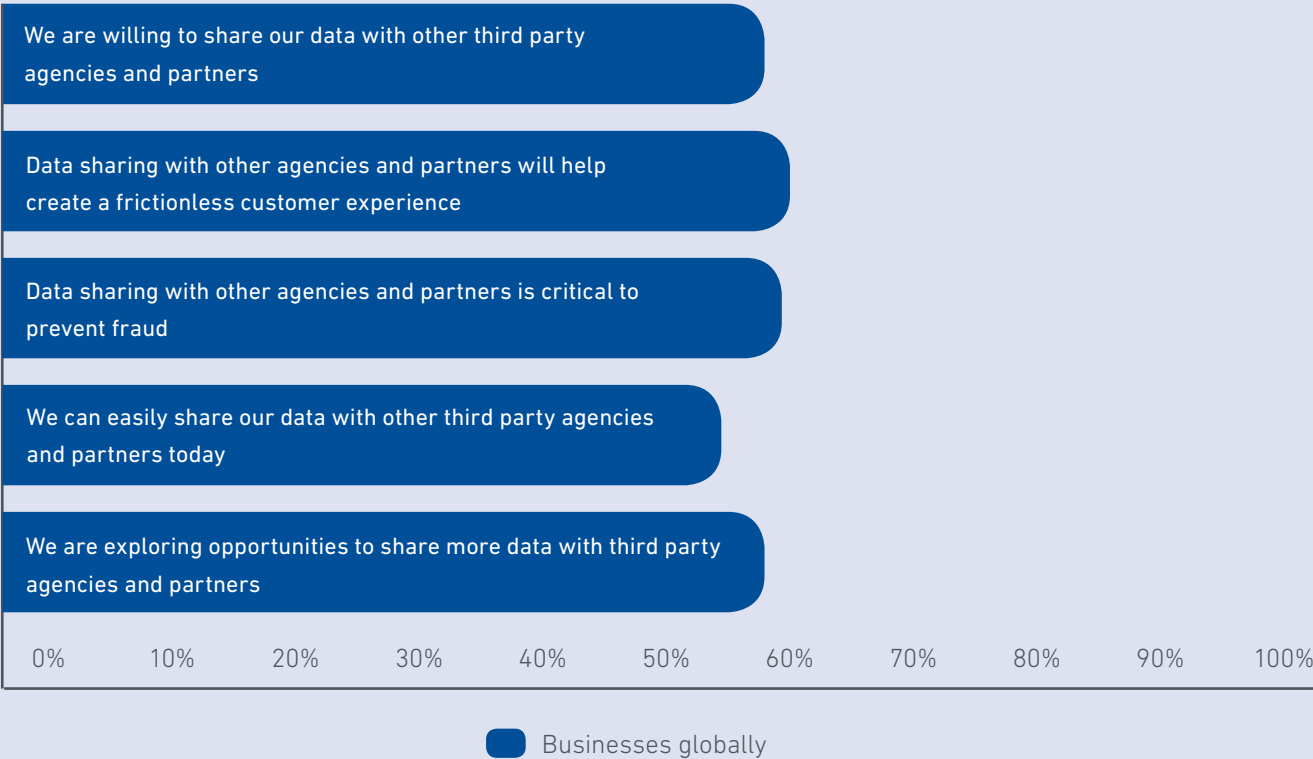
The race for customers comes down to one thing: who knows them best

The majority of executives see value in supplementing current data sources with third-party data to improve their customer-centric strategies, mitigate fraud and create frictionless experiences. This is easier said than done as there are still 40 percent of executives who feel they cannot easily share their data. Still, six out of ten executives believe sharing their data with third parties and tapping into additional data will help them create frictionless customer experiences. In fact, there is an increasing percentage of senior leaders exploring opportunities to share more data with third party agencies and partners.

62% of businesses surveyed have prioritised the adoption of advanced analytics capabilities

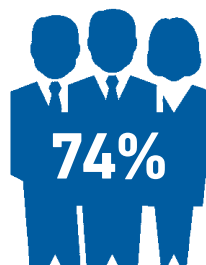**70%** of executives globally expect to expand their work on big data and analytics strategies

How strongly do you agree or disagree with the following statements regarding sharing data with external partners and agencies?

We are willing to share our data with other third party agencies and partners

Data sharing with other agencies and partners will help create a frictionless customer experience

Data sharing with other agencies and partners is critical to prevent fraud

We can easily share our data with other third party agencies and partners today

We are exploring opportunities to share more data with third party agencies and partners

| 0% | 10% | 20% | 30% | 40% | 50% | 60% | 70% | 80% | 90% | 100% |

● Businesses globally

The race for customers comes down to one thing: who knows them best

With the responsible use of data, and mindful of consumer consent and business ethics, benefits of using third party data sources to augment your own data include:

- **Identify the right customers faster.** You can rely on financial history, risk information and other supplemental data sources to rapidly and precisely evaluate your future customers' identities and seamlessly confirm they are who they say they are.

- **Add to your ability to assess prospects' eligibility.** After verifying they are legitimate customers, you can offer them appropriate, affordable products they can benefit from regardless market conditions or their own changing personal circumstances.

- **Automate decisions where previously you needed manual verification or approval stipulations.** Processes like obtaining and validating proof of income or employment during a mortgage loan application; driving licence for an auto purchase or vehicle accident reports for an insurance quote were previously verified manually can now be automated.

- **Deliver enhanced customer experiences.** Businesses of all sizes can apply advanced analytics and smart decision management throughout each stage of the customer journey, extracting more value from their aggregated data and making improved, more consistent and fair decisions faster; they are creating the building blocks of enhanced customer experiences.

74% **of executives believe lacking a single view of the customer has a direct impact on overall profitability**

More challenges lie ahead for businesses

Our research confirms that on a global scale, senior executives believe gaining a company-wide, holistic view of their customers can help them be more competitive. The big question is how technology can evolve to make that shared view easier to create and efficient to manage.

Market disruptors have set new expectations for what it means to deliver superior customer service, and organisations like financial institutions have taken notice. Inspired by e-commerce giants, banks are modernising traditional approaches, leveraging data and predictive analytics to offer a full, omni- channel experience. Our research shows seven out of ten executives are making it a priority to better integrate physical and digital channels. This means more choice for consumers.

Industry focus - Lending

Lenders from around the world are seeing that the time it takes to get mortgages or auto loans approved is considerably less when precise decisions are made faster.

Deploying consistent customer decisions across different channels is one of business leaders' biggest challenges

As volumes of data continue to increase and customer expectations grow and change, automating manual processes will be necessary to achieve a full understanding of your customers and what they expect, at all times. In general, what we see is that organisations have not adapted — or if they have, not at the necessary pace. Their back-end processes lack the agility required to interact with the same individual across online and offline channels.

Legacy systems aren't making things any easier. Large organisations tend to run each of their dozens of portfolios through separate legacy account management systems. Changing those systems alone to support a consistent customer view is an extremely complex process that can cost hundreds of millions of dollars and last many years. Over time, this legacy infrastructure conduces organisations to silo their business by product type — both technically and from a business perspective. When products are dispersed through the organisation in this way, it's not easy to create a single view of the customer. Consequently, an incomplete view of the customer limits organisations' ability to deliver a strong, personalised, and effective experience for each individual.

Gaining a single view of the customer

We have seen that lacking a single customer view is already complicating the digital transformation of organisations like yours. This partial or skewed customer view limits your ability to harness the power of the data. You might be leaving some important data sources untouched, which complicates your capacity to determine need and behaviour patterns to increase market share. This incomplete view also makes it difficult to improve response rates, gain efficiencies and perfect outbound strategies for cross-sell. This `knowledge gap' about your customers hinders your ability to create personalised, relevant and timely experiences for them; moreover, it can have an impact on your overall profitability as it stands in the way of making consistent, more precise and profitable decisions at different stages of the life cycle.

Tackling the issue of a partial or inconsistent view of the customer from an early stage will give you a head start in your quest for optimal customer experiences

The race for customers comes down to one thing: who knows them best

Before you can make real progress in the quest for a single customer view, you need to go back to the basics and define your customer. We usually recommend setting up a system to keep a master view of individuals with key profile attributes (that is generating a unique identifier with database-specific identifiers), and a matching engine which can quickly figure out whether an individual is a customer or prospect. Using pinning services such as Experian's to cleanse and match customer data is a vital first step. Your organisation needs to identify and match each interaction with a prospect or customer and pin that interaction against existing customer data, if relevant. Moving forward, on-going, new applications for credit need to be matched against existing customers and accounts in real time. Once a working PIN is established, it can be exploited across the entire business, regardless of the channel and the stage each customer stands in their journey.

The process continues through during the initial phases of the relationship. Here you have the opportunity to define different paths for known customers versus future customers. You can leverage internal data to create an efficient process for existing customers and build on that data to create models for future customer acquisition. Further down the life cycle, having a single view can help you understand when a customer is in the market searching for a product you may already have. Gaining access to this valuable intel is crucial for you to reap the full benefits of automation.

The good news is that, once you can collect the necessary data and make sense out of it thanks to digital technologies, you are ready to leverage advanced analytics to automate and improve the quality of your decisions. This includes enhanced personalisation and more scalable ways to maintain those personalised experiences.

Global Perspective – Matching Data

Executing matching tactics gets easier in countries where there is a standard, widely used personal identity number, such as the Social Security Number in the U.S. or the Aadhar number in India. But in other jurisdictions including highly mature countries like the UK or France, no such number exists. In this case, organisations tend to develop their own match keys (also referred to as PIN or 'Personal Identifiable Number') based on name, date of birth, address and postal code.

Expert Tips

Matching processes must be bullet-proof to ensure accuracy of customer decisions, minimise incidents and to avoid regulatory penalties.

Making meaningful, precise, personalised and profitable decisions

As you know, understanding what a customer is doing at a given time or across channels is not an easy undertaking. It requires overcoming significant obstacles defined by the size of your business, the number of channels you support and the number of products you offer. That becomes even more challenging as your company grows, new communications channels emerge and your product suite evolves.

A single view of the customer is driven by having visibility and an understanding of what a customer is doing at a given time, across channels

Our research reveals that only half of business leaders feel confident in their current customer analytics and decision management systems. There is a common predisposition to rely on an inside-out view of customers created using data gained through direct relationships. The problem is that often, as companies grow and evolve, teams change and databases merge.

Data likely gets lost along the way, becoming degraded and less reliable, resulting in an incomplete view or profile of the customer. Along the way, businesses continue to add new sources of data. While valuable, that newly available data can be difficult to link back to a complete profile of an individual customer. Aware of this, senior executives are prioritising further analytics and technology investments to drive improved business results.

Fortunately, increasing access to new technologies such as data management, AI and machine learning will help to ease the burden. We know these advanced tools can help businesses understand their customers better and deliver greater value. In the midst of digital transformation, when businesses are still working with legacy infrastructure, they look to advanced analytics to help improve existing business models. The impact of today's emerging technologies will be profound, but just part of a new normal.

In your opinion, how effective is your organisation in the following areas?

Customer insight - having a single view of the customer across their entire relationship with you

Automating customer decision processes to increase productivity and improve the customer experience

Advanced analytics

Businesses globally

0%   10%   20%   30%   40%   50%   60%   70%   80%   90%   100%

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To turn strategic priorities into action, over two thirds of businesses have set aside budget to invest in analytics and digital decisioning. Thanks to innovative analytical tools, businesses can deliver improved, personalised experiences when they matter, better protecting consumers and complying with regulations. Furthermore, advanced analytics and automated decision management solutions enable businesses to understand the impact that a decision has on the individual and on the value that individual brings to the organisation.

Expert Tips

If you want to optimise your technology investments, we recommend that you re-think the entire customer journey rather than just improving the experience gradually. Think about how to make it possible for consumers to ask for a mortgage and get an answer back in seconds, not to reduce the time that process takes. This is the mindset to change the paradigm, and automate everything for greater business growth.

Decisioning solutions are a powerful tool that can help effectively tackle your priorities. This software integrates analytics, machine learning and decision modelling with operational processes and business-results measurements. It allows businesses to automate insight-to-action cycles for individual customers in real time. Digital decisioning software enables businesses to improve their ability to input all types of data including event data, interaction data, bureau data or behavioural data.

Using advanced analytics, business rules and automated decision-making strategies, the decisioning solution gains the needed insight and delivers back the right decisions at the right time across channels.
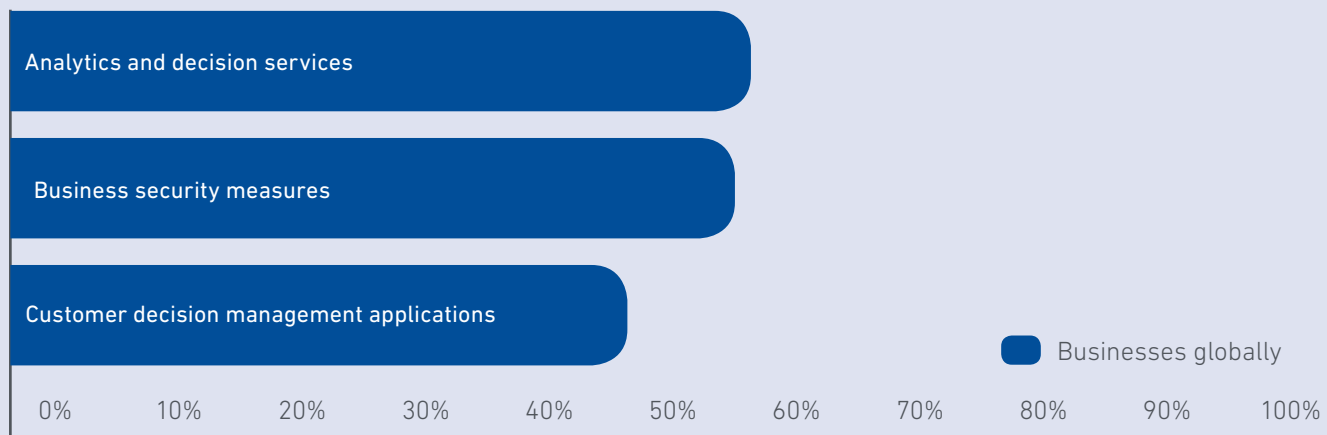
In short, modern business models require automated, real-time decision making. And digital decisioning solutions can help you manage today's complexity so you can quickly take action for individual customers with consistency and precision.

"Digital decisioning software capitalises on analytical insights and machine learning models about customers and business operations to automate actions (including advising a human agent) for individual customers through the right channels"
— 'The Dawn of Digital Decisioning', John R. Rymer and Mike Gualtieri, Gartner.

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To what extent your organisation's year-over-year budget will increase or decrease in the following areas in 2018?

- Analytics and decision services
- Business security measures
- Customer decision management applications

■ Businesses globally

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

Understanding business priorities worldwide

1. Improving customer experience. Remaining relevant in today's rapidly changing environment requires having a clear plan of action. Improving the customer experience is the number one priority for 80 percent of executives globally.

2. Gaining better customer insights. To achieve this, you need to truly understand your customer, so you can anticipate their needs and preferences and act accordingly. That is why gaining better customer insights is of high or critical importance for 76 percent of senior leaders.

3. Grow by acquiring new customers. Acting on those customer insights and making optimal decisions at scale is imperative to fuel customer acquisition and retention, a top priority for seven out of ten businesses. Customer acquisition is the preferred path for businesses to grow in Europe, the Middle East and Africa. However, organisations in North America and Asia-Pacific regions prefer to leverage upselling and cross-selling to their existing customer base to expand their revenue streams. Nevertheless, all of them struggle to bring together data, analytics and technology in a way that operationalises their investments.

Which of the following initiatives are likely to be your organisation's business priorities over the next year?

Gain better customer insights

Improve customer experience

Grow by acquiring new customers

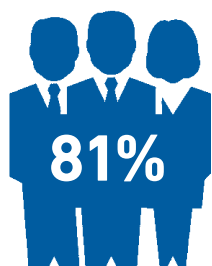Improve data quality and security

Comply with regulations

Where do you see your business in the next 5 years?

Business leaders worldwide accept that traditional ways of doing business will not suffice to keep up with the pace of change. According to our survey, 81 percent of executives believe traditional business models will disappear over the next five years due to digital transformation.

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Bank branches are closing at a high rate. Retailers as well. And the high street is becoming a more leisure-oriented place than a retail-oriented place. Robot agents are increasing. These trends are changing business models, although we think there is some way to go before traditional models are obsolete.

As with any major shift, the digital revolution poses a number of new challenges and opportunities. Even if there is not a radical transformation happening overnight, organisations everywhere need to ditch their old playbooks and adapt.

81%

of executives feel traditional business models will disappear in the next 5 years due to digital transformation

Three ways digital transformation is changing how we do business

1. Customers have come to expect seamless and personalised experiences from the brands they interact with and traditional approaches have not kept pace.

In this day and age, where mobile and web create many touchpoints for consumers and businesses to connect, customer experience is the great differentiator and the great opportunity.

Advanced analytics add value to the data that you already have on your customers, helping you sort information by product preference, ideal channels of communication, best ways of interacting with the business, etc. Take robo-agents, for example. Data analytics can be used to improve their natural language processing, a technology that is maturing quickly. We are seeing the first signs of interactive voice agents that robotically perform to the standards consumers accept.

Using rich data and analytics you can connect with your customers over less-expensive channels, or use your physical channels more effectively.

Customer experience is a battleground for a lot of our clients in terms of what they are trying to provide as a method of either defending their brand or differentiating it. Data analytics and decisioning can help them. Innovative organisations are focusing on using data and analytics to help employees understand consumers better. Providing relevant information to them in a timely manner makes their interactions with current and future customers more effective.

Global Perspective — Channel Specific Approaches

Business processes and customer-level decisions vary depending on, among other things, on the channel or channels consumers choose when interacting with you. Businesses like yours may have brought in chief data officers or customer experience officers to ensure data is properly used and that the customer experience is served by the data that is required. Those initiatives take work across the silos in a business, but if executed correctly, can be very effective. Or you might have concluded it is best for your business not to make decisions across channels because the way that a decision works in one channel is ineffective in a different one; or because there is something about the channel itself that makes that decision unique.

We are mindful of the many reasons why channel-specific approaches might be your preferred option. Recognising the channel consumers choose to interact with your organisation and getting to a baseline where you can make consistent decisions across channels is just a stepping stone to making the best possible decision for each of your customers.

2. Data, analytics and technology are more closely integrated than ever before, enabling businesses to modernise their approach for delivering digital experiences.

Digital channels are replacing physical interactions, creating various new interfaces between consumers and businesses.

In this multi-channel environment, digital channels leave a trace in the form of data recorded during interactions, providing visibility into customer experiences. Whether a website journeys, web chats or product history, data is captured along the way. Moreover, now that analytics are getting to the stage where natural language processing is accessible verbal interfaces also create additional data for analysis.

The ability to measure and capture information about those points of interaction puts you in a position to apply data analytics and decisioning together to create a better customer experience.

Even with a partial view, based on what you can collect, your organisation can apply analytics and decisioning to improve portions of the customer experience that are most visible.

Ultimately, what you need to do is favour solutions, tools and capabilities that give you more flexibility down the road. Try to avoid tying yourself to a specific language, as you will considerably limit your ability as an organisation to keep up with newer or upcoming analytical techniques and capabilities.

For instance, to improve a customer experience based on better insights, you might need to review the decisions you make when you are interacting with that customer (i.e. what is the action you are taking and what is the desired outcome for that action?). Next, you need to think about gaining insight into which of the available options is the most effective one, as well as what specific messages you wish to send to the customer. It all comes down to identifying what is the best decision you can possibly make. There are different analytical techniques available to address each of those steps.

Descriptive analytics
- Help you segment and categorise customers (for example, 'in scope' or 'out of scope'), tying them to optimal options for communication
- Can be applied to the records we have from previous communications with this and similar customers so you can extract value from those historical records.

Predictive analytics
- Help you classify all the reasons why you could interact with this customer.
- The result is a better view into the likelihood of each type of outcomes potentially happening based on each of those interactions.

Prescriptive analytics
- Help you think about how to make that assessment of the best decision by performing analytics on your customer data.
- Now you can recommend the action that conduces to the highest customer's satisfaction is possible

3.Businesses have access to more data than ever before but struggle to interpret it for making decisions that are most relevant and meaningful to the customer.

A challenge that has continued to grow with the proliferation of new channels is making consistent customer decisions. As consumers interact with businesses on-line and off-line, data gathering from one channel to the next gets complex, often resulting in inconsistent information. And different data means different decisions. In the case of credit, for example, determining eligibility for a credit product through a broker or aggregator channel might still feel uneven when compared to the application process in a direct channel for a specific lender - historically, businesses usually had more data in their direct channels as they knew who the customer was, being able to ask more questions on the spot. And different data means different decisions.

53% of businesses struggle to make consistent customer decisions with little differences across regions

The better businesses get at managing different points of interaction, the more insight they can obtain within a given customer's experience. Without this insight, they are blind in terms of understanding the touchpoints that create that experience, lacking the ability to make consistent, relevant and precise decisions across channels. Advanced analytics help you better manage the customer experience, unlocking the value latent in different points of interaction along the entire relationship with your customers.

Today's business leaders recognise the need for high-quality data. They realise the need for single view of their own customer data. But they also need a holistic view of customers that can only come from merging their data with other proprietary data.

Where they still struggle seems to be in turning that data into decisions - and more importantly, into actions. Senior leaders from all markets surveyed agree their inability to make consistent customer decisions across different channels is a road blocker. Mere recognition is insufficient. Execution is required to improve customer interactions, reduce friction, and increase revenue and efficiency.

From a technological perspective, both AI and machine learning become even smarter with data. They help us create actionable information from the incredible amount of data we have access to, therefore, allowing us to have more meaningful interactions with our customers. They can help us answer the age-old questions of "who are our customers?" and "what do they want to buy?" As consumers, we get a more personalised experience with the apps and programs we are using on a daily basis. As businesses, we gain vital information on those who are interacting with our brand.

But typically, because not all channels are supported by the same architecture, the interfaces with the customer data need to be different. As a result, the cost of a full integration across channels is higher than it would be if all the systems were similar. This frequently makes it harder for smaller businesses to integrate their systems to offer a truly omni-channel experience. Additionally, the strong desire to accumulate mass quantities of data into data lakes – often barely structured in their nature - has added pressure to apply analytical tools correctly.

Now is the time to act
Harnessing the power of available tools

Recent developments in machine learning and the advent of big data are contributing to new ways of extracting value of data through analytics. They enable businesses to identify potential risks and opportunities associated with each individual and guide consistent, precise and fair customer decisions. Investing in modern technology that puts analytic insights into action drives improved business results and bears fruits for businesses of all sizes. Digital decisioning solutions are quick to deploy and come with integrated advanced data and analytics that empower you to make precise customer-level decisions. For example, cloud-based decisioning solutions can help organisations with limited resources to benefit from advanced technology for a fraction of the cost and time to market.

Tools available today to organisations worldwide allow for a different approach to customer acquisition and management.

Better fuel

Today, the main challenge is not so much about the analytical tools businesses should use, but the cleansing and data quality issues that prevent them from recognising and formulating a single definition of customers across multiple, different data sources.

The advent of big data is adding pressure to change the types of analytics required to make sense of that data. Structuring data sets and the formulation of attributes, when done correctly, can yield powerful results. As more traditional analytics, such as regression-based techniques, have become less effective in processing the sheer volume of big data, machine leaning and AI have grown in popularity.

Advanced analytics are critical to help you approach that utopia of consistent, fair customer decisions across multiple different products and channels. Thanks to advances in data-driven decisioning, businesses of all sizes can better evaluate risks before they become liabilities. Using data responsibly enables you to reach and evaluate prospects effectively, helping leverage automated decision management to ensure customers get beneficial services and products they can afford to achieve their goals.

Industry focus - Insurance

Using advanced analytics, an insurance company, can engage with consumers in real time and use a virtual assistant to interact with the customer. This streamlines the process, reducing time from application to getting a customer approved for coverage and ready to start using their insurance policy. But that is just the beginning. Behind the scenes, machine learning and artificial intelligence can help the insurer gain and act on insights based on the collected data. Advanced technology enables personalised journeys and bespoke offers to reach consumers when, how, and where they need them most. The key to make these interactions seamless and beneficial for the customer and the business alike is ease of use and accessibility regardless of channel.

The race for customers comes down to one thing: who knows them best

You can make highly precise, automated customer decisions that are tailored to the individual (fast-tracking high value, low risk existing customers, for example).

Digital transformation has made these forward-thinking techniques more accessible than ever, equipping you to acquire and manage customers all the way through the process.

Fierce competition

To stay ahead of the competition and on the path of sustained growth, you need clear line of sight to both risks and opportunities through the customer life cycle. Gaining better insights on customers is critical to achieving that. We see a lot of attention paid by industry leaders on measuring customer experience across digital touchpoints through the lifecycle. For customer acquisition, businesses like yours look at time spent on each micro-step (e.g. data field), dropout rates at each of those steps, and do A/B testing at a very granular level. The idea is to understand all points of friction including points of confusion, frustration, etc., so you can learn and improve the experience. This is what most executives we speak with are working towards. The various challenges involved are making sense of the vast quantities of data and the immaturity of that data as well as the construct of that data. Fast-moving environments also add to the need for tools that are data and/or analytics agnostic. Our recommendation is that you stay agnostic, if nothing else, as the data analytics environment is changing and evolving so fast that it is almost impossible to predict how business models look in five years.

There is a largely untapped opportunity to leverage data analytics and decision management solutions to design the right customer treatment and identify the next best action for that customer. Selecting the appropriate timing, medium and channel for those actions lead to greater consistency and contribute to having more relevant communications with your customers. The more relevant you are, the more precise you are with the offers and the treatments leading to improved response rates, greater connectivity and interaction with the customer. This results in memorable experiences that enhance loyalty and drive profitability.

Conclusion

The future is bright for the business that remains nimble and willing to evolve business models, using technology to meet the needs of tomorrow's customer. When you put the customer first, the opportunities to create more value from your relationships are endless. Just look at the Amazons and Googles of the world, who are redefining customer experience on a daily basis and setting the bar higher for the rest of us to catch up. Now just think about your potential if you integrated data sources, used advanced tools to run analytics and quickly automate decisions. You might just redefine your industry standards in a similar way.

The race for customers comes down to one thing: who knows them best

Methodology

We commissioned Forrester Consulting to survey 900 senior executives responsible for enterprise risk, analytics, customer data, and fraud management.

Region

- Europe: 47%
- APAC: 24%
- NA: 11%
- Russia 6%
- Africa: 6%
- Middle East: 6%

Industry

- Financial services and insurance: 44%
- Retail: 21%
- Telco services: 30%
- Other: 5%

Revenue

- $50M to $499M: 44%
- $50M to $099M: 27%
- $1B or more: 26%

Role

- C-level/VP:50%
- Directors and managers: 58%