

December 2012

Enhancing Customer Experience through CIO and CMO Alignment

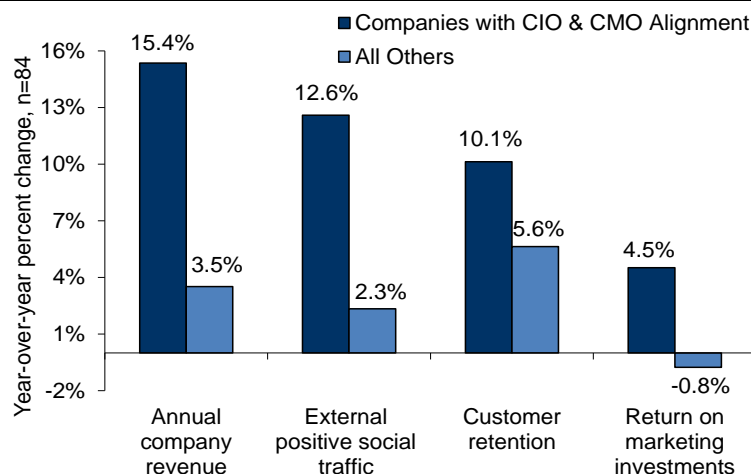
Who owns the customer experience? Is it the CMO, CSO, VP of Sales or CIO (see sidebar)? Customers today are empowered with the ability to use myriad tools and resources to access a wealth of information across different phases of the customer lifecycle. As a result, traditional definitions of who owns activities within specific phases of the customer lifecycle are blurred. Today's customer experience management (CEM) programs require the involvement and collaboration of all the key stakeholders within the enterprise. Two of these stakeholders are the CIO and CMO; aligning them in the interest of driving superior customer and corporate value is the subject of this Analyst Insight.

In December of 2012, Aberdeen surveyed 84 executives on their CEM activities. Sixty-three percent (63%) of the responding executives indicated poor or average performance in aligning marketing and IT activities for effective use of information in customer engagement programs. This Analyst Insight highlights several business processes that help organizations overcome this challenge by aligning the objectives of the CIO and CMO, and fostering collaboration in CEM activities in order to drive customer satisfaction and ultimately top-line revenue growth.

Data-Driven Marketing Enhances Customer Experience

Figure I below demonstrates the year-over-year performance gains reported by companies with CIO and CMO alignment initiatives, compared to those without it.

Figure I: Better Information = Greater Revenue



Source: Aberdeen Group, December 2012

Analyst Insight

Aberdeen's Insights provide the analyst's perspective on the research as drawn from an aggregated view of research surveys, interviews, and data analysis

Definitions

- CMO:** Chief Marketing Officer
- CSO:** Chief Service Officer
- VP of Sales:** Vice President of Sales
- CIO:** Chief Information Officer

When asked about the top challenge impacting their CEM initiatives, 56% of respondents indicated rapidly changing customer needs as the primary roadblock impacting their ability to target clients in an effective manner. As illustrated in the above figure, companies with CIO and CMO alignment initiatives achieve far greater annual growth in their return on marketing investments (ROMI — defined as incremental sales uplift associated marketing campaigns) results. This shows that partnering with peers in IT helps marketers better analyze customer information and launch campaigns that deliver quantifiable results by addressing changing customer needs.

Customer retention is another key measure where CIO and CMO alignment proves its value. Eighty-five percent (85%) of the organizations within Aberdeen's January 2012 [*Customer Experience Management: Using the Power of Analytics to Optimize Customer Delight*](#) study indicate customer retention as the most valuable measure used to assess their CEM programs. Businesses where marketing and IT work in lockstep enjoy 10.1% year-over-year improvement in this key measure, compared to 5.6% increase by their peers.

In addition to its impact in improving marketing campaign performance and helping businesses maintain their customer base, CIO and CMO alignment programs also impact company revenue results. Organizations where marketing and IT work collaboratively to streamline multi-channel customer data capture, storage, and utilization processes reap substantial rewards associated with growth in annual company revenue, compared to those that lack such initiatives.

Despite the clear benefits of CIO and CMO alignment programs outlined in Figure 1, these results are not simply accomplished by gathering the CIO and CMO in a room or on a call. Research shows that companies need to establish and nurture a series of activities designed to improve customer experience through this initiative. These activities are covered in detail within the next section.

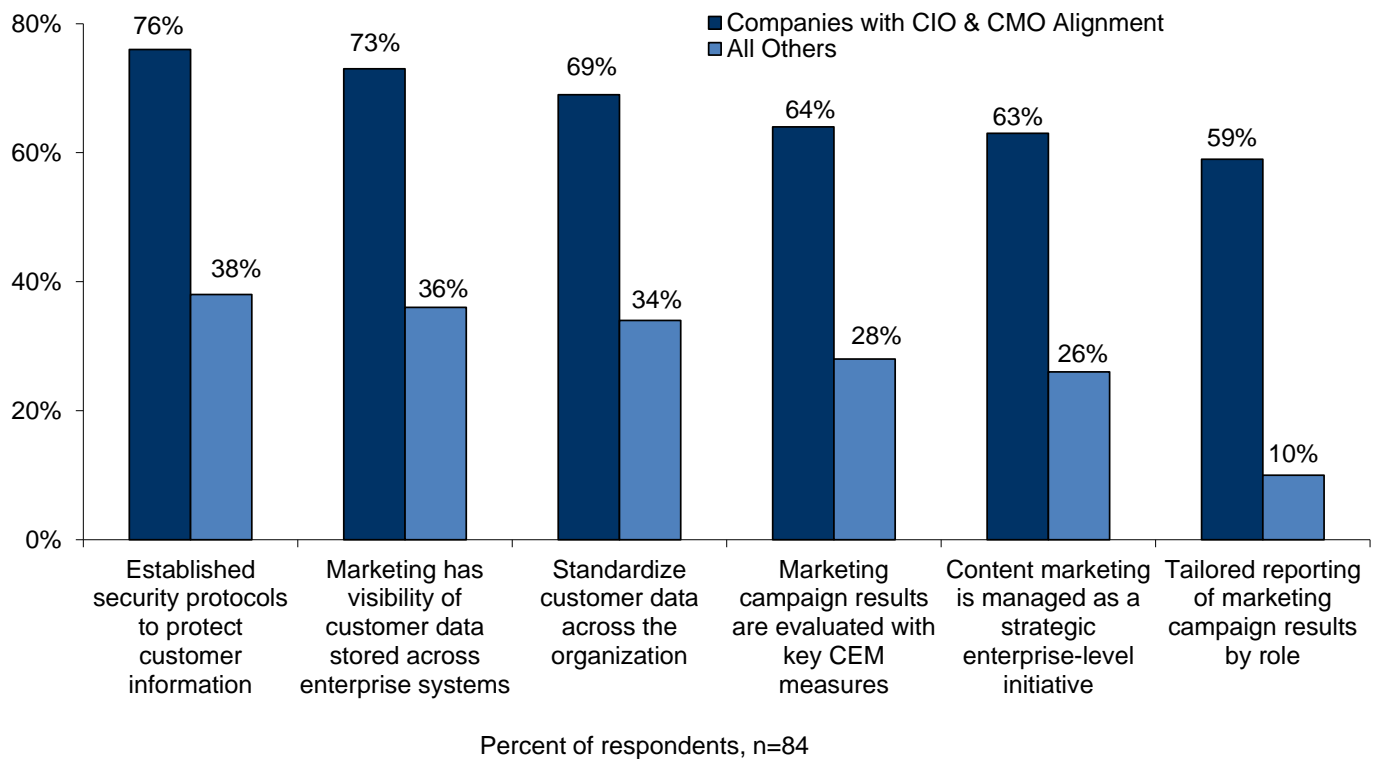
Building Blocks of CIO and CMO Alignment

When asked about the primary owner of customer data used within CEM activities, 45% of businesses indicated marketing as the sole owner of this crucial asset. In comparison to marketing, other functions have minor ownership roles — sales: 17%, customer service: 11%, and IT: 8%. As the skills of the IT team are critical in helping businesses streamline their data management activities, it's important for the CMO and CIO to establish a collaborative relationship that enables effective use of customer data within CEM activities (i.e. marketing campaigns). Figure 2 below highlights several activities where marketing and IT teams work together to achieve synergies that facilitate superior customer experience.

CIO and CMO Meeting Frequency

Research shows that 60% of organizations with CIO and CMO alignment have monthly meetings between these two key stakeholders, compared to 42% of other businesses holding such monthly meetings.

Figure 2: Key Facilitators of CIO and CMO Collaboration



Source: Aberdeen Group, December 2012

One of the most significant deltas between companies with CIO and CMO alignment versus All Others is involving stakeholders outside marketing (e.g. IT and Customer Service) to manage customer engagement activities. Companies with a formal CIO and CMO alignment program are far more likely (63% vs. 26%) to have this capability compared to their peers. In addition to helping companies **leverage resources and talent across the broader enterprise**, this also helps businesses ensure consistency in customer interactions. For example, by involving customer service within multi-channel and multi-touch customer engagement programs, marketing might gather additional information on potential issues their target customers might have had with the business. Aberdeen's January 2012 [CEM](#) study shows that companies with such consistency in their customer messages enjoy three-times greater (21.4% vs. 6.6%) ROMI results — a direct testament to the value of making marketing an enterprise-level activity.

Aligning multiple stakeholders around delivering better customer engagement results requires companies to streamline and connect their information capture and management processes. Indeed, 69% of companies where marketing and IT collaborate to manage CEM programs have **standardized customer data across the organization**. The [CEM](#) study shows that companies with this process are 45% more likely (42% vs. 29%) to be satisfied with their ability to make timely and quality CEM decisions,

compared to their peers not adopting such an approach. In addition to their focus on standardizing customer data across numerous business units, companies with CIO and CMO alignment have a keen eye on protecting the security of this information. They are twice as likely (76% vs. 38%) to have a formal process where IT and marketing work together to map numerous customer touch-points and identify systems where customer data is stored and analyzed. This helps companies **identify potential threats to security of customer data**, and implement necessary protocols to mitigate potential threats. Considering the strict regulatory requirements in highly regulated industries such as financial services, insurance, and healthcare, this process is a key differentiator helping companies deliver customer delight while addressing regulatory necessities such as [PCI compliance](#).

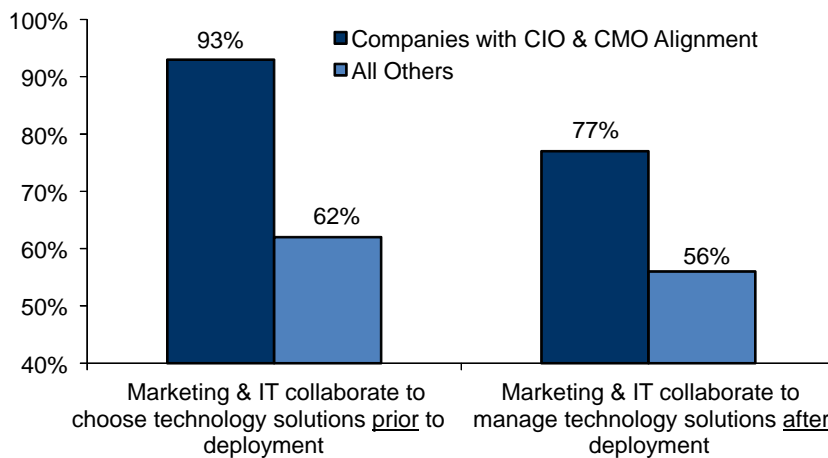
Forty-five percent (45%) of businesses focus on improving their ability to successfully integrate customer behavioral data within customer messages delivered across multiple channels. Accomplishing this goal requires marketing to **access customer data stored across numerous enterprise systems** (e.g. CRM, SFA, and ERP). To this point, Aberdeen's June 2012 [Customer Analytics: Leveraging Big Customer Data to Achieve Big Results](#) study shows that 69% of businesses are not satisfied with their ability to use existing customer data within their business activities. By developing a collaborative structure where the CIO and CMO would work together to identify potential and existing sources of customer data, companies can leverage the data management strengths of their IT team in executing precision customer targeting campaigns. As Figure 3 illustrates, this collaboration should take place both before *and* after CEM technology deployment (see sidebar) in order to successfully align marketing and IT activities to deliver a better customer experience.

Supporting Technologies

Findings from the [CEM](#) study shows that the following technologies are key enablers helping companies target customers in a timely and effective fashion:

- ✓ Database management
- ✓ Web content management
- ✓ CRM
- ✓ Customer feedback management
- ✓ Customer communications management
- ✓ Business intelligence

Figure 3: CIO and CMO Alignment Includes Technology Deployment



Percent of respondents, n=84

Source: Aberdeen Group, December 2012

Collaboration between marketing and IT is 50% more likely (93% vs. 62%) to take place prior to technology deployment while this reduces to 37.5% more likely (77% vs. 56%) post-deployment. Companies with CIO and CMO alignment initiatives can enjoy additional performance gains by continuing collaboration after deploying a technology.

In conjunction with the activities noted above, businesses need to **track and measure marketing campaign results** in order to determine how to effectively target each customer segment through behavioral data. Sixty-four percent (64%) of companies with CIO and CMO alignment programs incorporate CEM metrics (see sidebar) to assess their success in delivering customer delight. Collaboration between marketing and IT teams help companies streamline these processes; enabling organizations to track and report their campaign results on a real-time basis. This information is critical to helping businesses understand which particular components of marketing campaigns (e.g. channel, timing, and content) worked in delivering results. Businesses with CIO and CMO alignment programs are far more likely (59% vs. 10%) to **provide different views of marketing campaign results based on different roles** — an activity IT can help automate for all marketing programs. This allows the CMO and executive management to see a summary view of different campaigns while marketing staff can see more detailed results. These customized insights help organizations replicate successful campaigns and avoid ones that didn't deliver results. Businesses using customer segmentation tools can analyze these results by numerous criteria (i.e. demographic) in order to obtain granular insights on which particular customer groups respond better to different campaigns.

Use of CEM Metrics

The percentage of companies with CIO and CMO alignment initiatives reporting the following measures as valuable to support their CEM programs are as follows:

- √ Customer satisfaction: 74%
- √ Revenue from net-new customers coming through marketing campaigns: 70%
- √ Customer retention: 68%
- √ Cross / up-sell revenue associated with marketing campaigns: 66%

Recommendations

While Customer Experience Management is rapidly becoming an enterprise-level initiative that requires close involvement and collaboration from most key stakeholders within an organization, data indicates that primary ownership of customer data resides with marketing. As such, CMOs must assume a leading role in implementing and nurturing strategic initiatives to optimize customer data management activities. Considering their information management skills, the office of the CIO would add significant benefits in helping marketers streamline customer data collection and management processes, as well as improve customer experience. Aberdeen recommends the following action items to facilitate CIO and CMO alignment and drive top-line revenue results through improved customer experience:

- **Manage customer marketing activities as an enterprise-level initiative.** While marketing is leading the charge in driving customer engagement activities, other business functions are rapidly assuming new roles in influencing overall customer experience results. For example, 89% of businesses today use web as a customer interaction channel. If a company website faces substantial downtime due to poor IT infrastructure and / or planning, it might ultimately impact customers' ability to connect with the business

and result in loss of potential business. As such, CMOs should seek close collaboration with peers in other business functions — especially IT— in order to synchronize the activities that impact overall customer experience.

- **Streamline customer data management processes to support marketing programs.** More than half of all businesses today are using at least five channels (e.g. web, social media, email, and direct mail) to listen and engage their customers. As a result, businesses capture a wealth of structured and unstructured information across numerous channels. Considering that fully two-thirds (67%) of businesses are not satisfied with their ability to use this data, it is critical for organizations to carefully review their customer data management processes and ensure that they support their needs to deliver targeted and timely messages to clients. Companies with CIO and CMO alignment are twice as likely (73% vs. 36%) to have this capability compared to their peers.
- **Invest in marketing and CEM technology tools.** A comparison of the top strategies cited by companies with CIO and CMO alignment programs and All Others reveals an interesting finding: the former are far more likely (53% vs. 24%) to report investment in customer engagement / marketing technology as a key strategy compared to businesses where marketing and IT operate as disparate and disconnected functions. This validates that CEM tools are a crucial enabler helping businesses streamline their precision customer targeting activities. Aberdeen recommends businesses build a collaborative structure in selection and deployment of these technologies. As depicted in Figure 2, it's important to ensure that the CIO and CMO collaborate both during *and* after technology deployment to match the organizations' needs in using these technology tools so they can deliver superior customer experience results.

For more information on this or other research topics, please visit www.aberdeen.com.

Related Research	
<p><i>Customer Analytics: Leveraging Big Customer Data to Achieve Big Results</i>; June 2012</p> <p><i>Customer Feedback Management: Leveraging the Voice of the Customer to Amplify Business Results</i>; April 2012</p> <p><i>The ROI of Best-in-Class CEM Programs</i>; March 2012</p> <p><i>Multi-Channel Digital Marketing: Addressing the Why's and How's to Achieve Success in the New Era of Customer Engagement</i>; February 2012</p> <p><i>Social Collaboration Powers Top-Notch Customer Engagement Programs</i>; February 2012</p>	<p><i>Social Compliance: Protect Brand Equity and Ensure Governance</i>; February 2012</p> <p><i>Customer Experience Management: Using the Power of Analytics to Optimize Customer Delight</i>; January 2012</p> <p><i>Web Analytics: Marketing Beyond Online Customer Data</i>; January 2012</p> <p><i>Customer Relevancy Drives Precision Marketing in the Mobile Channel</i>; January 2012</p> <p><i>Leveraging the 360 Degree Customer View to Maximize Up-Sell and Cross-Sell Potential</i>; September 2011</p>
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