Industry transformation is happening at a rapid pace. Digital disruption and the proliferation of connected devices are generating rich opportunities for marketers to understand and engage with customers on a deeply personal level.

But this same transformation also presents new challenges.

The adoption of technology across the buyer journey is reshaping consumer expectations. Today’s consumers expect more than just relevance. They want seamless, non-disruptive experiences. They want highly personalised interactions that deliver tangible value. And when it comes to their data and privacy, they rightly demand that it be protected.

Marketers face increasing pressure to meet these consumer mandates while balancing the art and science of short-term sales and long-term brand development. Those who succeed are sprinting ahead of their competitors.

These top-performing marketers are focused on a better understanding of the customer decision journey (CDJ) and improving their marketing based on that understanding, making more informed decisions and improving customer engagement through a data-driven approach. They are relying on agencies and cloud solution providers as well as dedicated leads who combine skills in IT and data analytics to protect market share, fuel growth and delight customers in innovative ways.
High Performers and the Customer Experience Quotient

We recently conducted a series of comprehensive interviews and an online survey of marketers and agencies across companies of all sizes and industry verticals.* As part of our study, we established a baseline to assess marketers’ customer-focus maturity, in order to define a blueprint for success.

Specifically, we examined the top-performing marketers – or ‘High Performers’ – who are mastering two key aspects of creating a better customer experience:

1. Understanding the buyer journey
2. Improving marketing performance based on that understanding

Marketers’ maturity in these two aspects is what we call the Customer Experience Quotient (CXQ). High CXQ Performers are those who responded that they have an excellent understanding of their customer’s journey and are achieving excellent ROI from their marketing efforts based on that understanding.

Only 20% of our survey respondents qualified as High Performers – and they share many common attributes.

In this eBook, you will discover exactly what makes a High Performer and get a blueprint for marketing success that will help you elevate your game and join their ranks.

Blueprint for success

Customer Experience Quotient (CXQ) =
Understanding the buyer journey +
Marketing performance based on that understanding

High CXQ Performers

20% Excellent at both
Understanding of CDJ
All levels, including excellent/good/fair/poor

Marketing performance
All levels, including excellent/good/fair/poor
Comparing profiles of High Performers vs. all others suggests the ability to be an effective data-driven marketer is democratic.

Improving your CXQ comes down to a few key things: right talent, prioritisation of resources, and application of data and technology.

### Right talent
- High Performers have appointed an officer to lead the effort. Agencies should make this their primary champion and stakeholder.
- 86% of High Performers have a lead designated to oversee efforts to understand and market to the CDJ. The remaining 14% plan to hire someone to lead their CDJ strategy within 12 months.
- Only 48% of Low Performers have this role in their company.

### Prioritisation of resources
- High Performers are investing in the right resourcing. While they understand the importance of expanding in-house expertise and solutions, they also recognise that partnerships accelerate speed-to-market while reducing costs and risks.
- High Performers use agencies at nearly twice the rate of Low Performers to accelerate their CDJ marketing aptitude.
- High Performers are also adopters of emerging media.
- High Performers are more heavily investing in digital media, spending about £20 million more annually than Low Performers.

### Application of data and technology
- A shared characteristic of High Performers is an emphasis on the collection, unification and analysis of first-party data. High Performers are also augmenting and closing gaps with third-party data, viewing it as essential.
- 95% of High Performers are giving significant first-party data access to their agencies to support data unification and extract more value out of the partnership.
- 78% of High Performers say that combining first- and third-party data is a top priority. By contrast, only 40% of Low Performers say that they are prioritising the combination of first- and third-party data.
Among Leaders, first-party data helps power personalised creative and journey mapping, with search data the gold standard; Non-Leaders primarily focused on CRM. Leaders more likely to view multiple third-party data sources as essential, helping power multi-dimension campaign segmentation and behavioural insights.

Among High CXQ Performers, first-party data helps power personalised creative and journey mapping, with search data the gold standard. High CXQ Performers are more likely to view multiple third-party data sources as essential, helping power multi-dimension campaign segmentation and behavioural insights.

‘Our agency is tasked with mapping the journey for the client because they don’t have that insight, as they’re not executing at a detailed level. Nor do they have the tools or in-house expertise to interpret the data’.

— SR. DIRECTOR OF MARKETING SCIENCE WITHIN AN AGENCY
Cloud solutions can help you improve your CXQ

High Performers are using cloud solutions to collect, manage and unify first-party data. Cloud solutions offer significant benefits, such as delivering a better understanding of consumer data, speeding time-to-market and boosting ROI. Moving to the cloud and starting to track data delivers huge benefits in enabling a better understanding of the CDJ.

‘The cloud allows new technology to be built off old principles and gives flexibility that allows for greater accuracy in activation and attribution’.

– VP DIGITAL MARKETING, FINANCIAL SERVICES

High CXQ Performers almost 2X more likely to use cloud solutions

Resources used to overcome CDJ marketing barriers

Sorted by High Performers %

<table>
<thead>
<tr>
<th>Resource</th>
<th>High Performers</th>
<th>Low Performers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cloud data solutions</td>
<td>42%</td>
<td>78%</td>
</tr>
<tr>
<td>Martech Partners</td>
<td>36%</td>
<td>65%</td>
</tr>
<tr>
<td>DMP</td>
<td>30%</td>
<td>60%</td>
</tr>
</tbody>
</table>

Realise significant benefit of cloud solutions

Rated some/significant benefit

- Better understanding of consumer data: 78%
- Increased speed-to-market: 78%
- Data consolidation: 78%
- Increased efficiency: 78%
- Reduced costs: 78%
- Increased ROI: 78%
- Increased data security: 78%
- Increased customisation: 75%

5 Creating smarter customer journeys
Benefits of high-performance CXQ marketing

High Performers leverage data with increased sophistication and have greater visibility into the journey touchpoints that drive revenue. They also excel at marketing based on their understanding of the CDJ in numerous ways.

High CXQ Performers see a +45% incremental lift in ROI/ROAS for a typical campaign.

Having a higher CXQ maturity offers clear benefits

- More opportunities for customers to engage with brands
- Campaigns that better speak to customer needs
- Improved ad campaign impact
- Improved shopping experiences
- Better aligned purchasing processes to customer preferences
- Offers aligned to customer personas
- Personalised future customer decision journeys

Better CDJ understanding means better marketing performance

Top benefits experienced from understanding customer decision journey

<table>
<thead>
<tr>
<th>Benefit</th>
<th>High Performers</th>
<th>Low Performers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Drive sales</td>
<td>39%</td>
<td>58%</td>
</tr>
<tr>
<td>Better aligned purchasing process to customer preferences</td>
<td>41%</td>
<td>60%</td>
</tr>
<tr>
<td>Improved ad campaign impact</td>
<td>45%</td>
<td>65%</td>
</tr>
<tr>
<td>Improved shopping experiences</td>
<td>43%</td>
<td>68%</td>
</tr>
<tr>
<td>More customer engagement opportunities</td>
<td>40%</td>
<td>70%</td>
</tr>
</tbody>
</table>

+45% incremental lift in ROI/ROAS for a typical campaign among High Performers
Fueling the customer experience flywheel

Many of the experts we interviewed talked about the flywheel effect, which hinges on a solid understanding or ability to map the customer journey in service of increasing touchpoints. In fact, increasing the number of customer touchpoints was the top benefit cited by High CXQ Performers.

They described a virtuous cycle, where more touchpoints yield more opportunities for engagement. More interactions yield more data. More data yields more robust models. More robust models yield greater personalisation, engagement and ROI. Understanding the journey and marketing to the journey are foundational to one another.

'It is the marketer’s responsibility to produce interactions that produce data, so that we can make better decisions'.

– VP DIGITAL PLATFORMS & STRATEGY, TECH
The expanding leadership gap

As High CXQ Performers fuel the customer experience flywheel, accelerating momentum and success, Low Performers are falling further behind.

High Performers are embracing intelligent technologies that enable them to map the customer journey, tailor and serve up dynamic ads, and deliver highly relevant recommendations and cross-selling opportunities. They are advanced in their ability to identify consumer intent and next best action and are able to apply these insights to drive higher conversion and ROI.

Meanwhile, Low Performers are still learning. They are focused on technologies that provide targeting, media planning and buying, and behavioural insights. Low Performers need to prioritise their customer decision journey understanding, so they can shift to actioning on the data. The blueprint for success provides guidance for immediate steps they should take.

Biggest gaps between High Performers and Low Performers
Unlocking the value of data

The use of technology from Artificial Intelligence and Machine Learning is fundamental to customer-focused marketing success in this new era. These are the key technologies that High Performers leverage that can improve your improve CXQ.

Artificial Intelligence (AI)

AI technologies, including chatbots, digital assistants and cognitive services, offer numerous benefits. High Performers are more than three times as likely to use AI, with cognitive services such as natural language processing and visual recognition yielding the greatest improvement to customer engagement. Use AI to build more interactive experiences that engage with customers in a natural and more human way.

Use of AI technologies

Improvement to customer engagement

Sorted by High Performers %
Machine Learning (ML)

Machine Learning is a subset of AI that uses algorithms to learn from data to make a prediction or determination about something. Use Machine Learning to anticipate consumer behaviour and create smarter, more personalised advertising experiences. When Machine Learning is used, High Performers achieve 2.4 times greater sales in addition to other benefits such as an improved ability to act on customer data and increased ROI.

‘With Machine Learning, I can consolidate a lot of relevant insights, making my systems smarter with every interaction...reducing manual labour, cost and time’.
– VP, STRATEGY, AGENCY (US)

Ways ML is used

- Predicting consumer behaviour: High Performers 60%, Low Performers 32%
- Personalisation: High Performers 48%, Low Performers 22%
- Informing understanding of multi-touch attribution: High Performers 45%, Low Performers 19%
- A/B website testing/site optimisation: High Performers 45%, Low Performers 19%
- Lead scoring: High Performers 43%, Low Performers 17%

Strategic benefits gained

- Increases revenue/sales: High Performers 73%, Low Performers 30%, High Performers increase 43% over Low Performers
- Improves ability to act on customer data: High Performers 58%, Low Performers 38%, High Performers increase 20% over Low Performers
- Improves performance/ROI: High Performers 55%, Low Performers 38%, High Performers increase 17% over Low Performers
- Makes marketing more efficient: High Performers 53%, Low Performers 36%, High Performers increase 17% over Low Performers
- Enables us to devote more time to be marketers by reducing tactical work: High Performers 50%, Low Performers 33%, High Performers increase 17% over Low Performers

High Performers vs Low Performers

Microsoft Advertising
Trust, privacy and data security are top concerns for our Microsoft Advertising clients and often carry equal weight with performance when choosing a search provider. So, it’s no surprise that these are key concerns for High Performers.

High Performers know that brand health hinges on the ability to protect consumer privacy and use data respectfully. Although High Performers are much more likely to use customer data than Low Performers, they are also more likely to be transparent about usage and put appropriate safeguards in place to secure customer data.

High CXQ Performers are 4.5X more concerned about consumer backlash

Even while respecting privacy concerns and safeguarding data, High Performers are much more concerned about consumer backlash (which may help explain their focus on respect and safeguarding).

Level of concern about consumer backlash over how company handles first-party data

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<thead>
<tr>
<th></th>
<th>High Performers</th>
<th>Low Performers</th>
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<tbody>
<tr>
<td>Very concerned</td>
<td>30%</td>
<td>23%</td>
</tr>
<tr>
<td>Somewhat concerned</td>
<td>15%</td>
<td>12%</td>
</tr>
<tr>
<td>Not at all concerned</td>
<td>55%</td>
<td>65%</td>
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</table>

Creating smarter customer journeys
At the same time, High Performers are aware that they must get smarter about advancing customer-focused marketing without crossing the line when it comes to data collection and use. High Performers are relying less on deterministic modelling – the reliance on personally identifiable information – and more on probabilistic models that are informed by applying ML to anonymous data points to build an identity graph of their customers. Here are some best practices High Performers are using. They are more transparent and they strive to deliver better value to customers while protecting their privacy and engage them on data-related issues.

**High CXQ Performers use these best practices to protect data**

Response to privacy concerns

- Shifted away from cookies to first-party data: 50% (High Performers) vs. 14% (Low Performers)
- Created new internal standards for data collection and use: 50% (High Performers) vs. 39% (Low Performers)
- Reduced the amount of consumer tracking: 48% (High Performers) vs. 26% (Low Performers)
- Asked consumers for less data: 45% (High Performers) vs. 35% (Low Performers)

Ways of overcoming new restrictions

- Relying more on probabilistic rather than deterministic cross-device tracking: 72% (High Performers) vs. 30% (Low Performers)
- Offering consumers incentives to share data: 64% (High Performers) vs. 32% (Low Performers)
- Gaining a better understanding from consumers on how their data can be used: 59% (High Performers) vs. 42% (Low Performers)
- Conveying to consumers the value to them of our using their data: 59% (High Performers) vs. 33% (Low Performers)
The blueprint for marketing success

So how do you increase your Customer Experience Quotient? By combining the right strategy, the right data and the right technologies.

High CXQ Performers have a unified view of customers and their journeys, which often requires looking across multiple data sets and applications. By blending that integrated data with AI and Machine Learning, leaders extract richer customer and market insights, improve effectiveness of customer acquisition and create more touchpoints through more personalised customer experiences.

Blueprint for success to increasing your CXQ

<table>
<thead>
<tr>
<th>Unify data in the cloud</th>
<th>Ensure high quality of data</th>
<th>Consolidate 1st &amp; 3rd party data</th>
<th>Predict audience intent</th>
<th>Boost engagement &amp; performance with AI</th>
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<tbody>
<tr>
<td>High Performers use cloud solutions, DMPs and agencies.</td>
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<tr>
<td>• Unify and secure data in the cloud, breaking down silos across marketing, sales and services organisations.</td>
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<tr>
<td>• This enables you to better understand consumer data, boost speed-to-market and efficiency, lower costs, and increase ROI, data security and customisation.</td>
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<tr>
<td>High Performers rely on high-quality 1st &amp; 3rd party data.</td>
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<tr>
<td>• Take advantage of search data around what consumers are buying, what they’re doing on your digital channel and what their journey looks like.</td>
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<tr>
<td>• Without good quality data, applying AI and ML is ineffective.</td>
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<tr>
<td>• Employ best practices around privacy and data protection.</td>
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<tr>
<td>High Performers prioritise data from multiple sources.</td>
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<tr>
<td>• Leverage trusted third-party data sources to help illuminate the blind spots.</td>
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<tr>
<td>• Make it a top priority to establish a single platform with one view of the customer. Be alert for issues around quality, provenance, duplication and timeliness of third-party data.</td>
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<tr>
<td>High Performers focus on predictive outcomes.</td>
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<tr>
<td>• Evolve performance measurement from activity-level, static-funnel metrics towards predictive metrics that align to business outcomes.</td>
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<tr>
<td>• Extract insights around the brands customers are considering, the products they are looking for and when they’re most likely to convert.</td>
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<tr>
<td>• Use prescriptive guidance to dynamically adjust engagements based on next best action recommendations to optimise results.</td>
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<tr>
<td>High Performers connect activities to revenue KPIs.</td>
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<tr>
<td>• Use AI and cognitive services to enhance customer engagement and create more touchpoints.</td>
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<tr>
<td>• Use Machine Learning to facilitate predictive modelling, personalisation and lead scoring to drive sales and improve efficiency.</td>
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</table>

‘Of course, first-party information is super important, but a lot of the interaction the customer is doing is in the world outside of our channels – which is where third-party comes in’.

– GLOBAL MARKETING DIRECTOR, RETAIL
Advance marketing impact with Microsoft Advertising solutions

Understanding and marketing to the customer journey enables you to align your brand in more relevant ways to drive awareness, sales and loyalty. But you don’t have to do it alone.

Microsoft Advertising solutions are designed to help you increase your CXQ and performance. To learn more about how we can partner with you to achieve your marketing objectives, visit our Contact us page or speak to your Microsoft Advertising Account Representative.

*Microsoft and Advertiser Perceptions study of 213 marketers and agencies in the US & UK, December 2018–January 2019

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