

Advance Your Customer Analytics Maturity

Roadmap: The Customer Analytics Playbook

by Brandon Purcell and Emily Miller

February 4, 2020

Why Read This Report

Customer insights (CI) pros looking to stand up or advance their enterprise customer analytics functions face many challenges. Disparate data, a lack of stakeholder support for analytics, and broken processes are just a few. Where does one begin? In this report, Forrester has devised a strategic roadmap to help CI pros accelerate their customer analytics journey.

Key Takeaways

Begin By Gauging Your Customer Analytics Maturity

Advancing your customer analytics approach requires improving how you tackle strategy, structure, data, analytics, process, and technology. Starting with your current maturity level, identify your priorities and use this roadmap to determine a timeline for next steps and key investments.

Then Plan How And When To Advance Your Customer Analytics Program

Before you act on your roadmap, prioritize what's crucial to do now and what might be helpful down the road. Consider the value and resources at your disposal to refine your immediate actions and plan future initiatives.

Advance Your Customer Analytics Maturity

Roadmap: The Customer Analytics Playbook

by [Brandon Purcell](#) and [Emily Miller](#)

with [Srividya Sridharan](#), Aldila Yunus, and Daniel Weber

February 4, 2020

Table Of Contents

- 2 **Build Your Roadmap Based On Your Customer Analytics Maturity**
- 2 **The Path To Advanced Customer Analytics Has Three Stages**
 - Beginners: Develop Your Customer Analytics Strategy
 - Intermediates: Invest More In Analytics
 - Advanced: Personalize Customer Interactions

Recommendations

- 9 **Prioritize Your Next Steps**

Related Research Documents

[Gauge Your Customer Analytics Maturity](#)

[Pick A Powerful Pilot To Propagate Customer Analytics](#)

[The State Of Customer Analytics 2019](#)



Share reports with colleagues.
Enhance your membership with
Research Share.

Build Your Roadmap Based On Your Customer Analytics Maturity

To be truly customer obsessed, firms must continue to invest in customer analytics. Whether you're just getting started or evolving an existing analytics program, building an advanced customer analytics strategy and roadmap is no small task. It starts with an assessment of your current analytics maturity. Forrester's [Customer Analytics Maturity Assessment](#) helps CI pros establish a baseline customer analytics maturity level across six critical competencies: strategy, structure, data, analytics, process, and technology. The results of your self-assessment will show you where to focus your efforts and plan your steps to reach the next maturity level. Build your roadmap to fill in the gaps and bolster weak areas across these six competencies (see Figure 1).

FIGURE 1 Grow And Change Your Customer Analytics Strategy Across Six Competencies

Competency	Key strategy
Strategy	Establish a culture that values insights-driven decision making and continuous optimization.
Structure	Create a cross-functional analytics organization that collaborates and coordinates across internal teams and external partnerships.
Data	Strive for high-quality customer data sourcing, management, and preparation.
Analytics	Align your firm's use of various analytical techniques to key business outcomes.
Process	Define processes for analytics prioritization, execution, activation, and dissemination.
Technology	Implement technologies that will produce, distribute, and activate customer analytics.

The Path To Advanced Customer Analytics Has Three Stages

CI pros should plan to mature progressively through three consecutive roadmap stages. Each stage aligns to the corresponding beginner, intermediate, and advanced maturity levels detailed in the assessment report of Forrester's customer analytics playbook.¹ To reach the next level, use this roadmap as a guide.

Beginners: Develop Your Customer Analytics Strategy

These firms lack formal investment in customer analytics; they treat customer analytics as an uncoordinated and ad hoc activity tied to overall business intelligence (BI) and business analytics activities. For these firms, customer analytics informs direct marketing in established channels like

Advance Your Customer Analytics Maturity

Roadmap: The Customer Analytics Playbook

email, and the role is performed by marketing generalists with limited depth in analytics. Beginners struggle to get their customer data house in order and limit their analysis to behavioral data that's available in transactional systems.

If your assessment results determine that you're a beginner in your customer analytics journey, it's likely you've just started to develop your approach to analytics. To progress to the intermediate maturity level, you must master the following competencies (see Figure 2):

FIGURE 2 Beginner Competency Roadmap: Key Objectives For Customer Analytics



Beginner

Strategy	<ul style="list-style-type: none"> • Carve out a percentage of marketing spend for analytics projects. • Support both marketing campaigns and customer development initiatives with analytics. • Use analytics to determine customer profitability. • Position analytics as a key enabler for marketing and customer decisions.
Structure	<ul style="list-style-type: none"> • Construct a team of data scientists and business-savvy analysts to perform customer analytics. • Acquire talent responsible for analytics (e.g., modeling and statistical analysis). • Ensure cross-functional input to address strategic analytics projects. • Align analytics resources to specific business units.
Data	<ul style="list-style-type: none"> • Centralize customer data for easy access by multiple teams. • Automate data preparation tasks. • Tie customer data to marketing performance data.
Analytics	<ul style="list-style-type: none"> • Create segments aligned to business objectives based on behavioral customer data. • Create proxies for customer value in the absence of customer lifetime value calculation. • Measure return on investment at the campaign level; attempt to link it to the customer segment level. • Experiment with predictive analytics (e.g., customer propensity modeling).
Process	<ul style="list-style-type: none"> • Define a workflow to both accept and respond to analytics requests from business stakeholders. • Gather business requirements from stakeholders. • Define metrics to help prioritize analytical projects.
Technology	<ul style="list-style-type: none"> • Use channel-specific analytics tools, such as web analytics and social listening, for channel-specific insights. • Use business intelligence tools for analysis and consumption of results. • Invest in advanced customer analytics solutions with predictive capabilities.

Advance Your Customer Analytics Maturity

Roadmap: The Customer Analytics Playbook

Intermediates: Invest More In Analytics

Customer analytics capabilities in these companies are present and aligned to meet business needs, but they're not always a strategic priority. For intermediate firms, customer analytics capabilities support the primary business objectives of acquisition, retention, and loyalty, and firms aim to infuse insights proactively to drive customer decision making in the business. These firms often perform customer analytics in coordination with other types of analytics: digital analytics, attribution analysis, marketing analytics, and business analytics. Firms at this stage should strive to improve their analytical capabilities to reach the next maturity level.

If your assessment results determine that you're an intermediate firm on your customer analytics journey, it's likely you have established a basic strategy, have formed a team of analytics resources, and have a centralized customer data set and analytics workflow. To move to the advanced maturity level, you must master the following competencies (see Figure 3):

FIGURE 3 Intermediate Competency Roadmap: Key Objectives For Customer Analytics



Intermediate

Strategy	<ul style="list-style-type: none"> • Obtain acknowledgement and budget for customer analytics from senior management. • Personalize offers and experiences for customers. • Prioritize analytically derived decisions for customer-facing initiatives.
Structure	<ul style="list-style-type: none"> • Form a dedicated team of data scientists, strategists, and technologists. • Centralize analytics to share best practices across lines of business. • Orchestrate relationships with outsourced service providers and technology partners.
Data	<ul style="list-style-type: none"> • Combine internal and external multidimensional customer data sources for advanced analytics. • Access customer data from nontraditional internal and external sources (e.g., unstructured data, third-party enrichment, etc.). • Develop an accessible single source of truth of customer data for analysis.
Analytics	<ul style="list-style-type: none"> • Measure the value of analytical projects with rigorous ROI calculation. • Deploy multiple predictive models to achieve precision and accuracy in customer treatments and personalized marketing. • Calculate customer lifetime value and embrace it as a key strategic metric.
Process	<ul style="list-style-type: none"> • Create a well-documented process for analytics prioritization, execution, and distribution to coincide with the organization's strategic planning cycle and for ad hoc projects. • Automate insights sharing through collaboration platforms, business intelligence platforms, and other technology tools.
Technology	<ul style="list-style-type: none"> • Use advanced predictive analytics and machine learning solutions to build and deploy multiple predictive models. • Incorporate digital decisioning platforms or real-time interaction management solutions to activate customer analytics in real time.

Advanced: Personalize Customer Interactions

Advanced companies use customer analytics to identify and deliver the next best experience to customers across touchpoints.² They have a strong multidisciplinary team of business-savvy data scientists and business analysts supported by a strong customer analytics platform and network of service providers. Customer analytics has significant executive buy-in and guides decisions that drive business metrics across the customer lifecycle. Formal ROI methodologies are in place to build the

Advance Your Customer Analytics Maturity

Roadmap: The Customer Analytics Playbook

business case for customer analytics investments, requiring a tight relationship between customer metrics and financial performance. These firms leverage cross-channel intelligence and use customer lifetime value as their guiding metric for planning customer portfolios.

If your assessment determines that you're an advanced firm on your customer analytics journey, you have established a strong customer analytics function in-house and continually act on customer insights. However, even advanced firms can improve their customer analytics practice. To become a fully insights-driven business, you must master the following competencies (see Figure 4):³

FIGURE 4 Advanced Competency Roadmap: Key Objectives For Customer Analytics



Advanced

Strategy	<ul style="list-style-type: none"> • Obtain C-level buy-in and dedicated budget for customer analytics. • Infuse customer analytics in all customer interactions, from marketing and service to products and operations. • Use customer analytics as a key differentiator and source of competitive advantage: where being insights driven is a part of your core value proposition to customers.
Structure	<ul style="list-style-type: none"> • Devise clear career paths for all types of analytics resources. • Upskill internal resources with specialized training and development programs. • Create a multidisciplinary team of data scientists, data engineers, business analysts, primary researchers, facilitators, project managers, developers, and other specialists.
Data	<ul style="list-style-type: none"> • Automate new data source ingestion and integration. • Explore data commercialization opportunities. • Classify unstructured data for analysis using computer vision, natural language processing (NLP), and speech analytics.
Analytics	<ul style="list-style-type: none"> • Incorporate more advanced machine learning capabilities, such as deep learning and reinforcement learning. • Estimate ROI of future projects based on similarity to past projects for prioritization. • Orchestrate delivery of the next best experience to customers based on cross-functional insight coordination.
Process	<ul style="list-style-type: none"> • Develop analytics governance processes to ensure adherence to methodology and identify model degradation. • Integrate customer insights and analytics into key operational execution systems. • Build a knowledge management and collaboration platform to curate analytics insight and create institutional knowledge of results. • Measure the effectiveness and efficiency of analytics processes using process performance metrics and regular stakeholder surveys.
Technology	<ul style="list-style-type: none"> • Innovate with real-time optimization and interaction management technologies to manage dynamic customer journeys and paths. • Invest in AI component technologies, such as computer vision, NLP, and speech analytics.

Recommendations

Prioritize Your Next Steps

Once you've assessed your current maturity and identified your next steps, you need a method for deciding how and when to tackle each task. Your immediate priorities and the urgency you ascribe to each task have a lot of dependencies, such as the task's potential value, your organization's culture, and the resources at your disposal. Get one step closer to taking action by considering:

- › **What is the value of this task?** To prioritize tasks, clearly articulate the value of each task for your business and the value for your customers. Determine how critical it is for the business and consider whether your competitors are already doing it. Also take into account whether your customers will benefit from the changes. Depending on your answers, this task may become a top priority — or it may not be worth doing right now.
- › **How urgent is this task?** Consider your benchmarks: where your customer analytics capabilities are compared to industry peers. If you're playing catch up, this to-do could be considered urgent. If you're an industry leader in customer analytics, this task can likely wait. Another important consideration is whether one high priority hinges on another's completion. These factors will help define the way you prioritize roadmap items.
- › **How will you measure success?** After you have a clear objective, think about the specific KPIs that will help you benchmark your performance. Carefully determine what they will be and how you will measure the impact of your projects. Keep in mind that it's a best practice to select a quantifiable, and preferably financial, success metric.⁴
- › **How long will it take?** Approximate the timeline to complete tasks — and be realistic. Timing will depend on many factors, including culture, your current data inventory, technology resources, the task's feasibility, team bandwidth, and how you've defined the task's urgency. Ultimately, some efforts and initiatives will take longer than others; for example, establishing additional proof points or finding the right kind of analytics talent for a new role can easily take several months.
- › **Who else needs to be involved?** A robust customer analytics function will span enterprise silos. Think about what type of internal support you'll need for your next steps: human capital from different groups (e.g., marketing, product, data), access to resources, and ongoing collaboration. Also consider the need for any external support, such as new technology partners, strategy consultants, or data management providers.⁵
- › **How much will it cost?** Do your research and then demonstrate where and when you'll spend budget. Take into account any areas that may require additional business case development. If that's the case, seek objectives and pick pilots that will demonstrate monetary impact on the top or bottom line.⁶

Engage With An Analyst

Gain greater confidence in your decisions by working with Forrester thought leaders to apply our research to your specific business and technology initiatives.

Analyst Inquiry

To help you put research into practice, connect with an analyst to discuss your questions in a 30-minute phone session — or opt for a response via email.

[Learn more.](#)

Analyst Advisory

Translate research into action by working with an analyst on a specific engagement in the form of custom strategy sessions, workshops, or speeches.

[Learn more.](#)

Webinar

Join our online sessions on the latest research affecting your business. Each call includes analyst Q&A and slides and is available on-demand.

[Learn more.](#)



Forrester's research apps for iOS and Android.

Stay ahead of your competition no matter where you are.

Endnotes

- ¹ See the Forrester report "[Gauge Your Customer Analytics Maturity.](#)"
- ² See the Forrester report "[Come Together \(Right Now\) To Deliver The Next Best Experience.](#)"
- ³ See the Forrester report "[Build An Insights-Driven Business.](#)"
- ⁴ See the Forrester report "[Analyzing Analytics: Measure The Impact Of Customer Analytics To Prove Its Value.](#)"
- ⁵ See the Forrester report "[Research Overview: Customer Analytics Technologies And Services.](#)"
- ⁶ See the Forrester report "[Pick A Powerful Pilot To Propagate Customer Analytics.](#)"

We work with business and technology leaders to drive customer-obsessed vision, strategy, and execution that accelerate growth.

PRODUCTS AND SERVICES

- › Research and tools
- › Analyst engagement
- › Data and analytics
- › Peer collaboration
- › Consulting
- › Events
- › Certification programs

Forrester's research and insights are tailored to your role and critical business initiatives.

ROLES WE SERVE

Marketing & Strategy Professionals

CMO

B2B Marketing

B2C Marketing

Customer Experience

› **Customer Insights**

eBusiness & Channel Strategy

Technology Management Professionals

CIO

Application Development & Delivery

Enterprise Architecture

Infrastructure & Operations

Security & Risk

Sourcing & Vendor Management

Technology Industry Professionals

Analyst Relations

CLIENT SUPPORT

For information on hard-copy or electronic reprints, please contact Client Support at +1 866-367-7378, +1 617-613-5730, or clientsupport@forrester.com. We offer quantity discounts and special pricing for academic and nonprofit institutions.