

# Delivering personalized experiences in times of change



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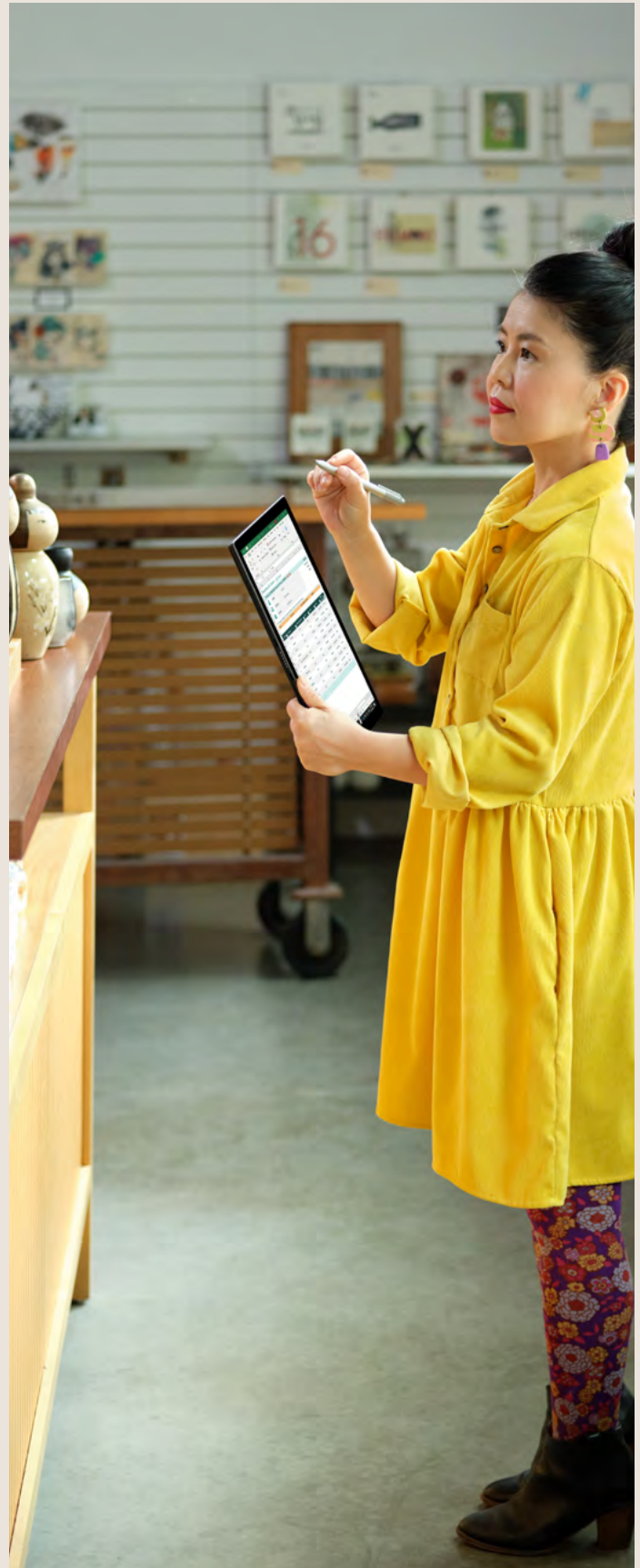
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# Introduction

As the digital economy grows and evolves, customers are continuing to set the bar higher and higher in terms of what they expect from the brands they interact with. Power that was once held by the providers of goods and services has now shifted to the customer whose demand for a seamless and highly relevant experience at every interaction is driving a shift in the way organizations must operate. As a result, a company's success depends on its ability to attract new customers while keeping existing ones happy with personalized engagements that they value.

Customers now have access to more content, buying channels, and brand options than ever before. With such an overload of information and choices, organizations can no longer survive by providing the bare minimum necessary to keep customers from leaving. Instead, they are shifting to a strategy centered around optimizing customer experiences and outcomes.

Technology today has advanced from traditional one-way marketing and generic engagement to create data-driven experiences, giving organizations the ability to approach and engage their customers in more proactive, intentional ways than previously imaginable.





# It's all about the data

Providing an exceptional, relevant customer experience is no longer an option, it's a necessity. In a market where customers are free agents and where adoption and abandonment occur in the blink of an eye, organizations must demonstrate that they both understand and value their customers. It all starts with data and business applications that leverage that data to drive improved customer relationships, create a clearer customer journey, and improve their understanding of what motivates their customers.

For decades, business applications have been static in their functionality and approach. Because business applications embody and automate an organization's business processes, the business processes themselves have been static as well, limiting organizations to operating in a reactive versus a proactive manner. For example, when a customer would have a problem and contact a call center for help, the service representative manually enters the information into the CRM platform, then manually completes steps to rectify



the problem, typically utilizing several, disconnected systems. This is an incredibly reactive process and has been the norm for decades because there has been no other way to approach it. Moreover, customers can be quick to change their minds, and competitors are just a click away. Customer expectations are set based on the "last best experience," which is difficult to achieve without a large team of developers.

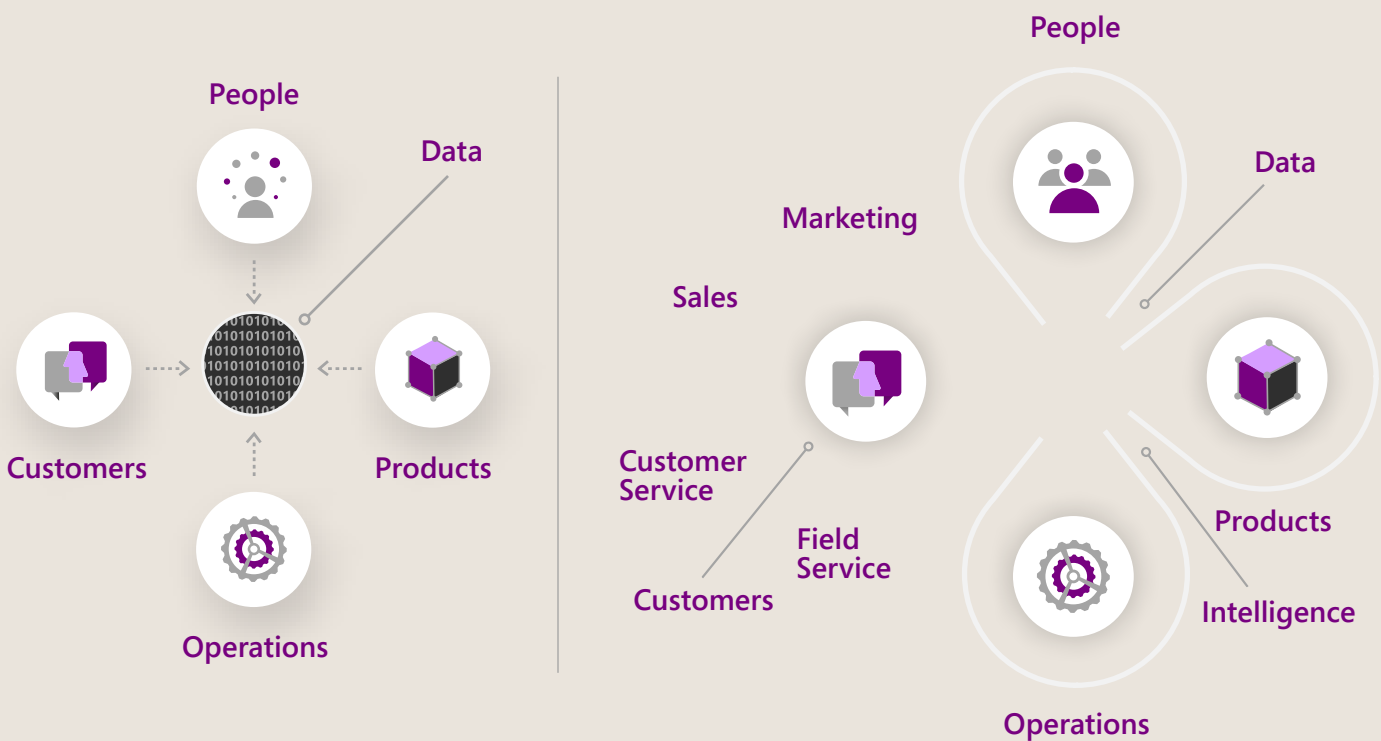
Advanced technology changes everything. Nearly every product and service now is digitally enhanced. Products have embedded software, services are consumed via applications, and everything connects to the cloud. These digitized, intuitive technologies are enabling organizations to leverage data to derive insights that power proactive action detecting issues and anomalies before they arise, and knowing what customers want even before they do.

Data now is a competitive advantage for companies. The ability to find actionable insights can help companies find new customers, understand customer feedback and usage, streamline operations, improve employee productivity, and market more effectively.

An enormous volume of data is being generated constantly by customers, products, employees, and operations, which can be collected, analyzed, and interpreted to gain a more holistic view of

everything going on within and around an organization. From the customer perspective, behavioral and transactional data gathered at every interaction such as web searches, social media updates, purchases, support calls, or customer surveys provide insights that power more intelligent engagements across marketing, sales, and service. These engagements generate even more data. Over time, they build and improve the view of the customer in a continuous digital feedback loop.

## 360-degree view of the customer

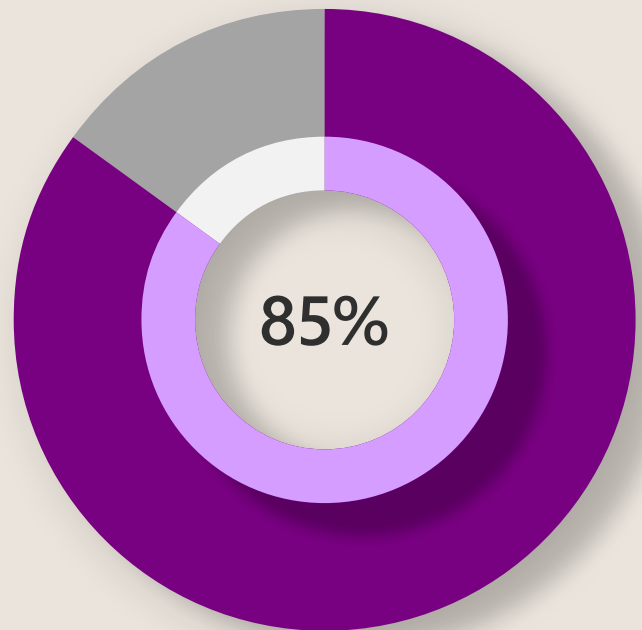


The impact that customer data is having in today's economy is already clear. Organizations that are leveraging their customer behavior data to generate insights generate 40 percent more revenue than their competitors.<sup>1</sup> A unified data

estate not only helps organizations to better understand and engage their customers, but can power better business decisions and strategies such as which products or services to eliminate, or where to locate the next storefront.

<sup>1</sup>["The value of getting personalization right – or wrong – is multiplying," McKinsey, 2021.](#)

**Organizations that leverage their customer behavior data to generate insights outperform peers by 85 percent in sales growth.**



# Creating a complete view of customers

Digitally transforming the customer experience not only drives sales, but establishes deeper, longer-lasting customer relationships. More than 90 percent of US consumers report they find personalized marketing “somewhat to very appealing.”<sup>2</sup> This means it is vital for organizations to leverage their customer data to remain competitive, strengthen relationships, and foster trust.

A recent McKinsey study notes how personalization can be a powerful tool to increase revenue, and that it’s a tool that works even for companies that don’t have regular, direct customer interactions. According to the study, there was a strong correlation between the fastest-growing companies over the past year and those that prioritized personalization. In fact, of the companies with above-average revenue growth, they attributed 40 percent of their revenue to “personalized marketing actions or tactics.”<sup>1</sup>



Companies such as Netflix have been leveraging this approach for years, fine-tuning and delivering exceptional experiences built on a deep understanding of their customers. The entertainment streaming giant utilizes AI and machine learning to identify patterns and trends in what customers watch and search for, then produces personalized recommendations for each individual user of an account or household. The more data it collects over time, the smarter the system and more accurate the suggestions become. More than 75 percent of Netflix viewer activity results from the user data-driven recommendations, which results in a churn rate of an extremely low 2.4 percent.<sup>3</sup>

<sup>1</sup> [“The value of getting personalization right—or wrong—is multiplying,”](#) McKinsey, 2021.

<sup>2</sup> [“Marketing personalization - statistics & facts,”](#) Statista, 2021.

<sup>3</sup> [“How Netflix Maintains Low Churn and High Customer Retention,”](#) Hubspot, 2021.

# Leveraging data to drive acquisition, conversion, and retention

With complete data about customers, organizations can better understand buyer preferences and anticipate customer needs, powering proactive, intelligent engagement through the right channels at the right moment.

Not only does this strengthen the entire customer journey, it also can help drive better business outcomes, including increases in acquisition, customer lifetime value, revenue, retention, and loyalty.

## Improve acquisition

Understanding customers on a deeper level helps organizations not only tailor their content for individual customer segments but helps attract qualified leads who are more likely to be interested in what they're offering. Ultimately, leveraging customer data enables organizations to target the right customer,



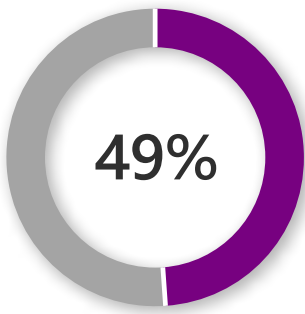
with the right offer, at the right time raising the likelihood of conversion, focusing on higher value customers, helping guide the right investments in marketing, and building trust. Research shows that companies currently utilizing individually targeted offerings are seeing 5 to 15 percent growth in revenue when compared to companies that don't.<sup>4</sup>

## Unlock new revenue opportunities

The goal is no longer to simply convert a customer in a single, initial transaction the bigger picture is to secure repeat purchases and increase the customer's lifetime value. By enriching existing internal customer data with third-party data and AI, organizations can make targeted, intelligent recommendations for products or services customers are most likely to respond to, which can significantly drive additional revenue.

<sup>4</sup> ["The Future of Personalization,"](#) McKinsey, 2019.





In fact, customers who receive personalized, relevant offers are 2.6 times more likely to buy those items compared to customers who don't receive personalized offers.<sup>5</sup>

### Strengthen retention and loyalty

Competition is fierce. With no shortage of options available today for every product or service, it's easy for customers to find an alternative the moment they feel unvalued. Considering that it costs five

times more to attract a new customer than to retain an existing one, using customer data to deliver exceptional experiences and service is paramount to strengthening retention. Yet while 44 percent of businesses focus on customer acquisition, only 18 percent focus on customer retention.<sup>6</sup> Empowering service employees with complete, 360-degree customer profiles enables them to provide intelligent service and recommendations and to resolve issues swiftly, while AI-powered analytics can predict customers likely to churn and trigger retargeting offers to keep them from leaving.

<sup>5</sup> ["We thought you'd like this: Personalized recommendations are here,"](#) Omnisend, 2020.

<sup>6</sup> ["70 powerful customer retention statistics,"](#) Semrush Blog, 2021.

# 5x

Considering that it costs five times more to attract a new customer than to retain an existing one, using customer data to deliver exceptional experiences is paramount to strengthening retention.

# Why is this still hard to do?

While business leaders are realizing they must move fast to become customer-data-driven organizations, the reality is that many companies still fall short of providing experiences customers expect. Some 72 percent of customers say they only engage with personalized messaging,<sup>7</sup> and 61 percent have stopped doing business with a company because of it.<sup>8</sup>

Much of the data necessary to power intelligent customer experiences may already be getting collected. But simply gathering customer data does not mean that it will be readily accessible or actionable. Data coming in through multiple channels in an organization from sales and marketing interactions to customer service calls is often siloed across disparate systems, making it difficult or impossible to unify to gain a single source of truth.



Deepening the challenge is the inability to ingest, process, and interpret this enormous volume of data at scale in order to react with the speed necessary to be effective. While a cloud infrastructure can enable this using machine learning, it still requires the right safeguards to maintain data security and compliance. Gaining a holistic view of customers requires that data be synthesized in real time and enriched with machine learning to derive better insights. That requires a clean data estate and expensive data scientists to implement the strategy.

<sup>7</sup> ["26 Essential Personalization Stats for 2020,"](#) SmarterHQ, 2021.

<sup>8</sup> ["Win customers over with an AI-enhanced journey,"](#) Accenture, 2019.

# How Microsoft can help you connect with customers

It is becoming more difficult, not less, to use data to understand the customer journey. Online identities are becoming more fragmented, forcing marketers to enrich their data through partners to reach new customers and meet their goals. Those organizations that do not have a strategy to maintain—and even grow—their access to high-quality data may have to spend [10 percent to 20 percent more](#) on marketing and sales to generate the same returns.

## What sets Microsoft apart?

The good news is that you do not have to be an industry giant to successfully leverage customer data. Microsoft can help you connect with customers on your own terms; predict customer intent to deliver the right content at the right moment; and deliver connected experiences across every customer touchpoint.



Today, marketers can take advantage of the new [Microsoft Customer Experience Platform](#), a customer data platform that brings together transactional, behavioral, and demographic data for a complete view of customers. This can be used to unlock insights that power personalized customer experiences. It moves marketing from reactive to proactive, driving more revenue and building deeper customer relationships.

To engage customers across all possible touchpoints, Microsoft Dynamics 365 Marketing helps marketers design and deliver content through the right channels and at the right time, creating a more personalized customer journey. Easy to use and driven by AI, Microsoft Dynamics 365 Marketing helps build customer trust and earns greater loyalty.

Next, Microsoft Dynamics 365 Customer Insights unifies your B2C and B2B customer data to generate AI-powered insights in real time. With it, you can understand customer behavior using digital and cross-channel analytics. A third element of Microsoft's complete toolset for marketers is Microsoft Dynamics Customer Voice. This is an enterprise feedback management solution to help organizations quickly collect and understand omnichannel feedback and customer metrics all at scale. Its personalized surveys help you continuously track customers' perceptions of your products and services, helping you better understand what matters to your customers.

Built on Microsoft Azure, the Microsoft Customer Experience Platform leverages a set of secure and compliant SaaS applications, while offering extensibility through an ecosystem of Microsoft partners who can optimize and tailor solutions. In addition, it helps organizations own their data and control its use so they can benefit from the insights they generate. The Microsoft Customer Experience Platform is a complete solution that opens a new world of marketing possibilities.

**Start creating  
more personalized  
experiences today with  
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