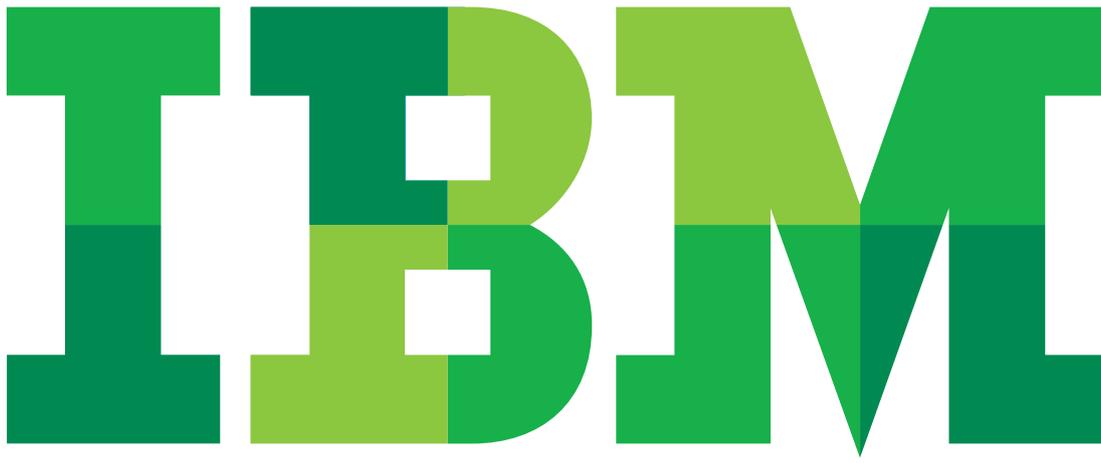




er landscape has changed drastically in the last 10 years, and since the Internet gave birth to the likes of e-commerce sites and social media, customers now more than ever expect businesses to go the extra mile to maintain with competitors just a click away, understanding customer behavior and improving customer experience has never been more critical. Reducing customer struggle is no easy feat, especially as each individual customer faces a different struggles in a multitude of different platforms. But understanding customers is half the battle. In the latest IBM Tealeaf and Econsultancy 2013 "Reducing Customer Struggle" report, 44% of businesses said they had a good understanding of the overall customer experience. But as customers' expectations of commerce mature, businesses are beginning to understand that the customer experience is no longer just about the number of sales, website clicks or social media mentions. Instead, businesses with e-commerce platforms need to know what prompts customers to behave the way they do – what different types of customer behavior exist, how issues impact their behavior and how this can help e-businesses improve the overall online customer experience. Knowing what makes customers tick can be tricky, but just under half of the businesses surveyed (48%) said they have a good understanding of the types of content that make people more likely to buy, the reasons for making a purchase (43%), and the value of visitors from different sources of traffic (48%). As online shopping grows in popularity, 61% of companies said they have a good understanding of how people become aware of their brand or website. This information is incredibly valuable in understanding why customers buy, what their individual interests are and the value of a customer clicking onto the website from a Google search compared to a customer clicking onto the page from a social networking site. But it's also vital that businesses are aware of the reasons behind abandoned transactions, which can provide important insight into how they can reduce customer struggle. However, over three-quarters (73%) admit that they are more likely to have limited or no understanding of the behaviors of different visitor types, while 73% admit they're unaware of the reasons customers leave the site without converting. Despite this, the vast majority of responding companies consider this information very valuable, as well as what types of content make people more likely to buy or convert (76%) and what usability issues are most likely to affect the conversion (80%). While respondents have admitted that insight into different types of customer behavior is very valuable, the limited knowledge they have in this area needs to change. E-shoppers spend on average 22% of their annual outgoings on goods and services, so failing to understand customers in this growing market space could lead to huge missed opportunities that e-businesses simply cannot afford.¹ For years, businesses have been experimenting with techniques and technologies to better understand the customer experience, such as digital analytics, online focus groups, surveys, and digital experience replay among others. But exactly how effective are these tools? The IBM Tealeaf and Econsultancy survey found that over a quarter (28%) of respondents said they use digital experience replay, the vast majority consider it to be very (60%) or quite (34%) effective. Furthermore, 94% consider online focus groups to be effective in helping to understand customer experience, but only 18% use them. At the other extreme, the proportion of companies using social media analysis/voice of the customer tools and online reputation monitoring/social listening has increased in the last 12 months to 24% and 22% respectively, believing they're very effective. The results highlight that while e-businesses are aware of which methods work well, only a small proportion of them are actually willing to switch to using these tools to help their customers better. As such, e-businesses need to begin reassessing the approaches they use, replacing the least effective ones with others they believe will work better. Gaining a better understanding of online customer behavior opens up a world of opportunity for businesses, giving them a clearer view of what is and isn't working well on their websites. Customers leave sites and abandon their carts for a vast number of reasons, but one of the main reasons is performance problems with the website itself. In 2012, 63% of businesses said the most common website issue faced by their customers was their inability to find what they were looking for. While this percentage has dropped to 40% this year, still seen by the majority of companies as the main issue faced by customers on their sites. In addition, over a quarter (27%) of respondents think that a lack of information represents the most serious issue for their customers, down from 33% a third (35%) last year. Having identified the main causes of cart abandonment, organizations should be working hard to resolve these issues, ensuring their sites are easy to navigate and have sufficient information to keep customers comfortable and secure right through to the end of the checkout process. Failing to take action could lead to lost sales and customers, as a result of minor website problems that could have been easily fixed. Customer Experience Insights: Improving the customer experience isn't something that can be done overnight. Customer behavior is constantly changing, and businesses need to ensure they're frequently monitoring it and changing with it. Companies are increasingly launching a number of internal initiatives to improve the quality of customer experience. As was the case last year, the most common activity respondents focus on is regular evaluation of customer experience and satisfaction. However, the percentage of companies indicating this has declined by nine per cent in the last 12 months to 67%. The percentage of companies having formal structures and processes in place to improve customer experience has also declined, with 58% of respondents reporting this, compared to 49% last year. On a positive note, 3% more companies than last year said they now measure teams or departments on customer satisfaction – something that is crucial to understanding exactly what customers are to stay loyal. Analyze Customer Behavior To Improve Loyalty Customer satisfaction is the lifeblood of businesses. Within the challenging economic environment and with competitors just a click away, it's more important than ever to maintain customer loyalty through every channel. While many organizations understand the steps they need to take to get to know their customers, many still aren't taking them and are, as a result, potentially losing hundreds of customers. Knowing what techniques and tools to use to improve customer satisfaction is just the beginning, but putting them into action is imperative for e-businesses to stay ahead of competition in an increasingly cut-throat e-commerce landscape.

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Delivering a seamless experience across every channel

A mini white paper based on the results of a 2013 international survey of more than 500 e-commerce and e-business professionals, sponsored by IBM Tealeaf and conducted by Econsultancy



The Reducing Customer Struggle report is based on an international online survey of more than 500 business professionals working for companies involved in e-commerce and e-business. The survey was live during March and April 2013.

INTRODUCTION

72%
*said they plan
to invest more
in mobile
channels*

With the growth of ecommerce and m-commerce over the last ten years, the way people shop, book travel and do their banking has changed enormously. As life gets busier, more and more people turn to online or mobile channels for a quicker and easier experience.

As a result, many businesses are responding to this change by prioritizing their focus on online and mobile channels. In fact, in a recent survey of more than 500 e-commerce and e-business professionals, 73% said they intend to increase their investment in online channels in 2013, and 72% said they plan to invest more in mobile channels. Meanwhile, two-thirds said they intend to decrease or maintain the same level of investment in offline channels, such as stores, branches, call centers and mail order.

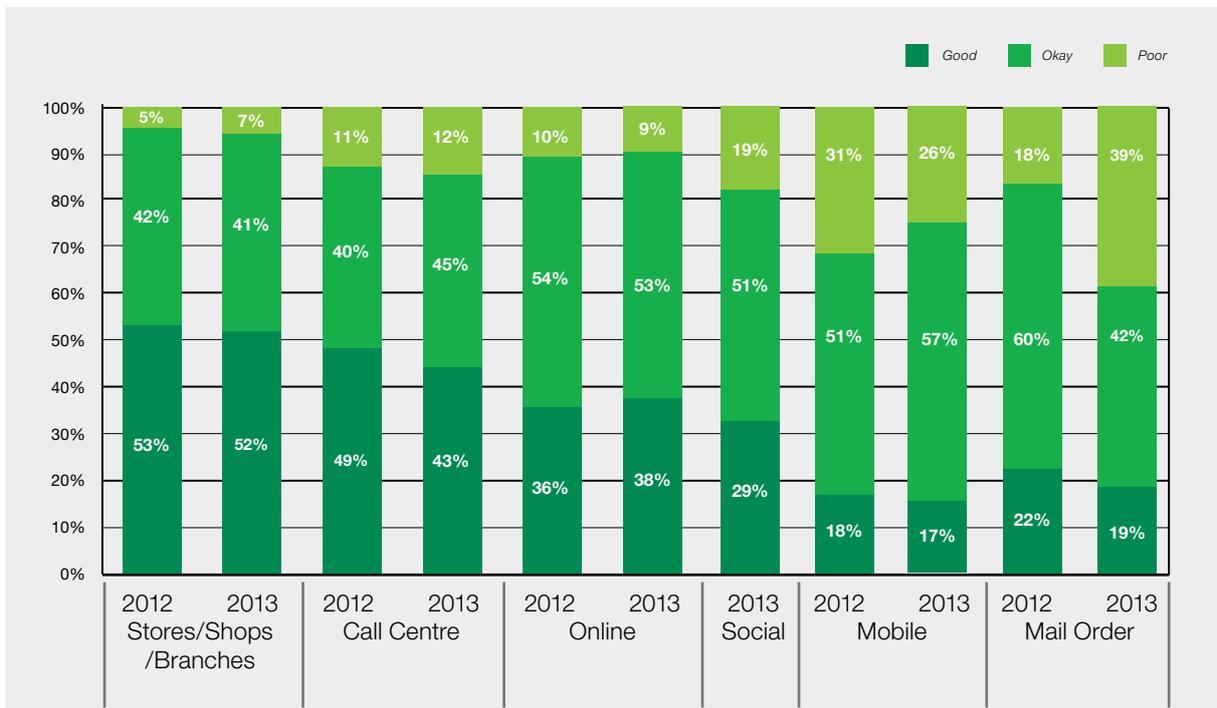
But when it comes to providing a high-quality customer experience, improving the online and mobile experience is only part of the equation. Businesses need to remember that online and offline experiences are connected, and the experience of one channel directly impacts the customer's willingness to engage via another channel. As such, providing a seamless multichannel experience across all channels is critical to improving the customer experience overall.

HOW DOES THE CUSTOMER EXPERIENCE COMPARE ACROSS CHANNELS?

In our 2013 survey, 38% of respondents said they would rate their online customer experience as “good” — an increase of 2% over last year. And although organizations are looking to increase investment in mobile channels, just 17% of those surveyed consider the quality of their mobile customer experience to be “good,” compared to 18% last year.

Clearly, greater investments in these areas are critical.

Figure 5: How do you rate these channels for quality of customer experience?

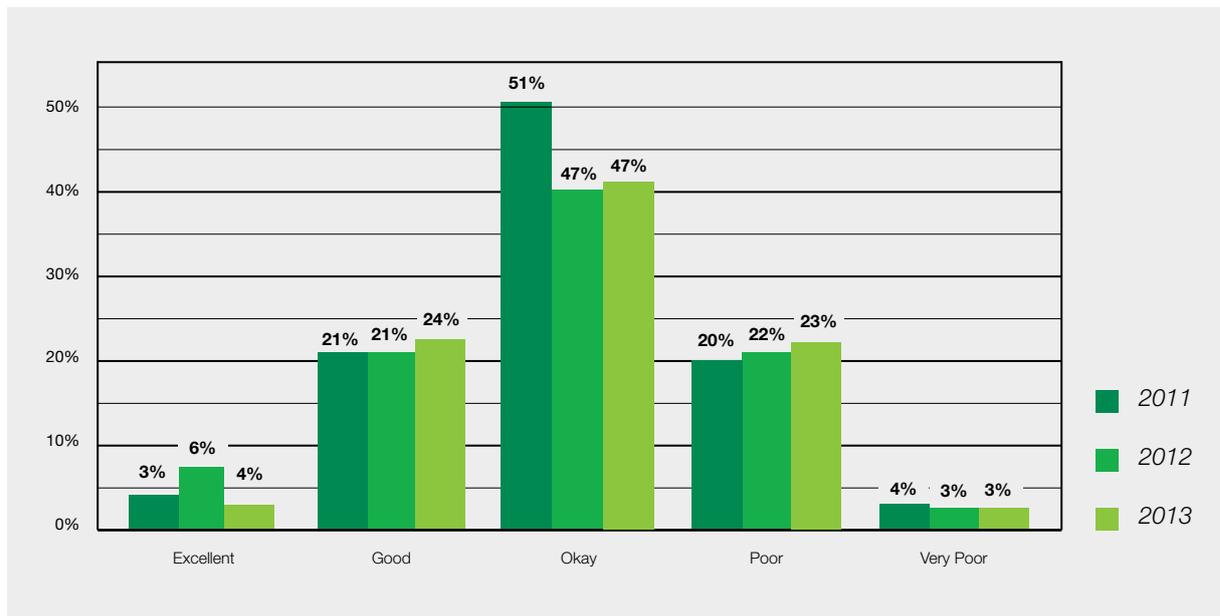


Over a quarter of organizations rate their multichannel customer experience as poor

Likewise, few companies rate their experience across multiple channels as good or excellent. In fact, the percentage of companies describing their multichannel customer experience as “excellent” has slightly declined from just 6% in 2012 to an even lower 4% this year. In addition, just under half (47%) of organizations described their multichannel customer experience as “okay,” compared to 51% in 2011, while those describing it as “poor” has increased over the last two years.

As these channels rise in popularity, so should businesses’ understanding of customer behavior and the quality of customer experience in these channels. For example, an online betting company should be able to tell which sports customers are most likely to bet on, and at what times of day their website, mobile apps or mobile-optimized site will reach their peak in traffic.

Figure 6: Rating of multichannel customer experience



With a greater investment in the multichannel experience, businesses have a significant opportunity to improve and maintain customer loyalty. Giving customers the best possible experience – whether they are in a store, online, using a mobile app, or on the phone – will help ensure they don’t go in search of a competitor for a better overall customer experience.

INTEGRATING ONLINE AND OFFLINE

Only
23%
of businesses
offer *click-to-call*
functionality

Some businesses are already finding ways to improve the multichannel customer experience by integrating the physical and digital worlds.

For example, two-thirds (63%) of businesses surveyed said they include information about offline locations, contact details and opening hours on their websites. Additionally, 38% said their offline products or services have a social presence, while 31% said they use mobile or local search engine optimization to ensure products appear in search results when a customer is near a physical store.

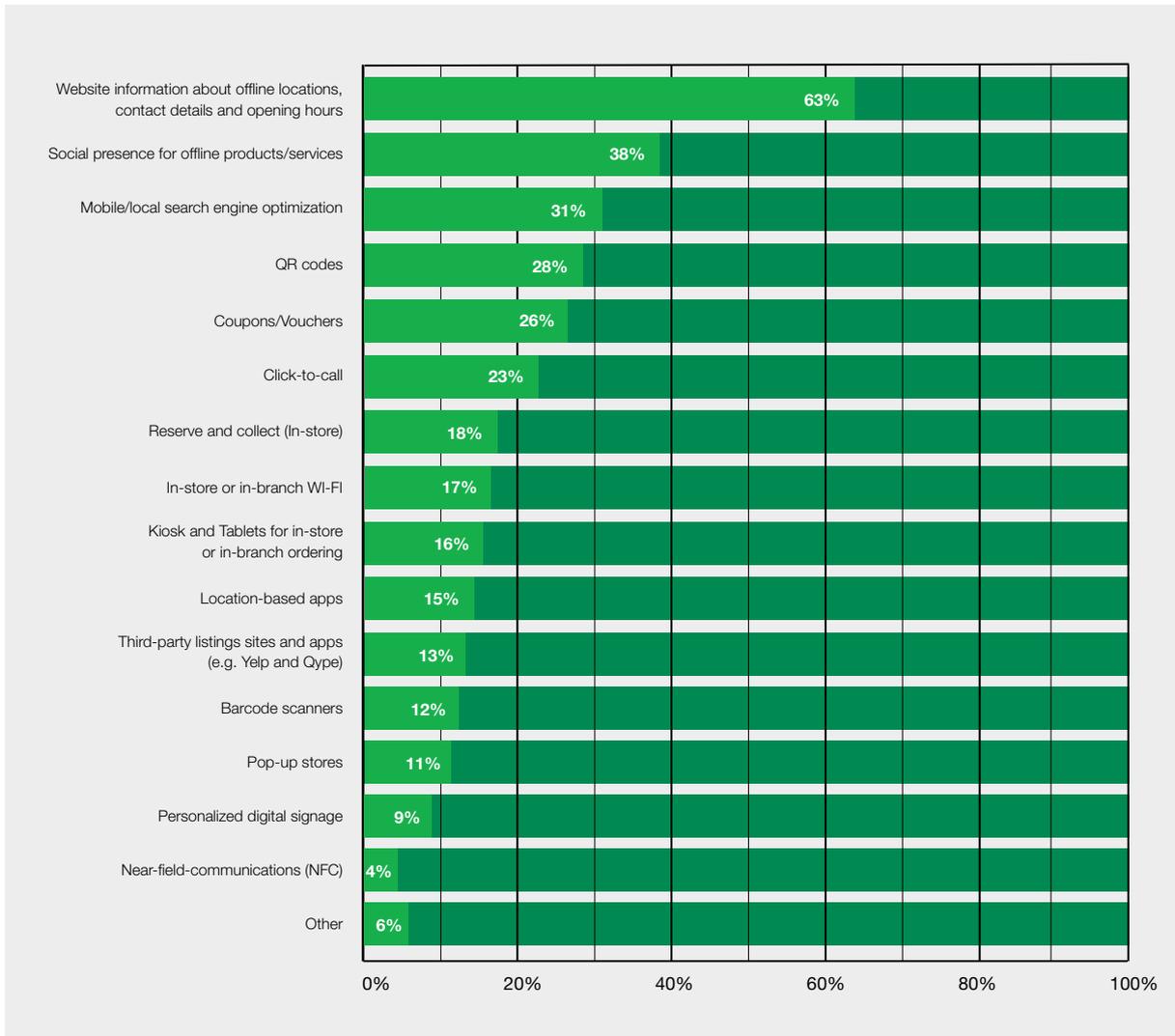
But there's still room for improvement when it comes to the integration of online and offline services. For example, only 23% of those surveyed said they offer click-to-call functionality. This is precisely the type of service businesses can easily offer to increase convenience for customers and make the experience more seamless across channels.

Another example is “reserve and collect” – a service that enables customers to reserve a product online or via a mobile device and then pick it up at a physical store. Although just 18% of companies surveyed said they offer reserve and collect services, a separate survey conducted by Econsultancy last year revealed that 80% of UK shoppers and 55% of U.S. shoppers have used reserve and collect services in the past 12 months.¹ Given the popularity of these services and the rapid growth of mobile commerce, this represents a missed opportunity for businesses who aren't capitalizing on new ways their customers shop.

Similarly, the rise of “showrooming” – a trend in which customers browse for products in physical stores, while using their mobile devices to compare competitor prices – gives retailers the opportunity to use new promotional tactics. For example, retailers could run special offers that can only be accessed on a mobile device while in the store.

¹ <http://econsultancy.com/uk/reports/how-the-internet-can-save-the-high-street>

Figure 7: How does your company integrate the digital and physical experience?



Finally, using data generated through digital channels can help companies better understand what products and services are most sought after and when. For example, a travel agency might find that Google searches for ‘cheap Greece getaways’ are popular in the months of July and August, while ‘cheap city breaks to Brussels’ are popular in November and December. Using this information, travel agencies can better align their in-store and online promotions to reflect what customers are looking for at certain times of the year. It’s this kind of thinking that businesses need to put into practice to make the multichannel customer experience more seamless than ever before.

ONLINE AND OFFLINE INTEGRATION IS ESSENTIAL

Whether you are taking steps to integrate your online and offline channels or not, your customers are interacting with your brand through multiple channels all the time. In fact, when things go wrong and businesses fail to provide a first-rate customer experience via any channel – online or offline – customers voice their complaints online – via social networking sites, such as Yelp, Twitter and Facebook. And they can now do this instantly – via a mobile device. To prevent damage to their brands, organizations need to ensure they're doing their utmost to keep customers happy.

To this end, it is increasingly important for businesses to understand the different channels customers are using, as well as the ways in which they can integrate these channels to provide the best overall customer experience. While many businesses are moving towards providing a more seamless experience, there's still more they can do. Click-to-call, in-store Wi-Fi, and reserve and collect are just a few examples of services that can be easily deployed to make the customer experience more seamless while increasing customer satisfaction and loyalty in the long run.

ABOUT IBM ENTERPRISE MARKETING MANAGEMENT

The IBM Enterprise Marketing Management (EMM) Suite is an end-to-end, integrated set of capabilities designed exclusively for the needs of marketing organizations. Integrating and streamlining all aspects of marketing, IBM's EMM Suite empowers organizations and individuals to turn their passion for marketing into valuable customer relationships and more profitable, efficient, timely, and measurable business outcomes.

Delivered on premises or in the Cloud, the IBM EMM Suite of software solutions gives marketers the tools and insight they need to create individual customer value at every touch. The IBM EMM Suite helps marketers to understand customer wants and needs and leverage that understanding to engage buyers in highly relevant, interactive dialogs across digital, social, and traditional marketing channels.

Designed to address the specific needs of particular marketing and merchandising users, the IBM EMM Suite is comprised of five individual solutions. Digital Marketing Optimization enables digital marketers to orchestrate relevant digital interactions to attract and retain new visitors and grow revenue throughout the customer's lifecycle. With Customer Experience Optimization eCommerce professionals can turn visitors into repeat customers and loyal advocates by improving the digital experience of every customer. With Cross-Channel Marketing Optimization customer relationship marketers can engage customers in a one-to-one dialogue across channels to grow revenue throughout the customer's lifecycle. Price, Promotion and Product Mix Optimization allows merchandisers and sales planners to make price, promotion and product mix decisions that maximize profit and inventory utilization. And with Marketing Performance Optimization, marketing leaders, planners and decision-makers can model and assess mix, and manage marketing operations to maximize ROI.

Over 2,500 organizations around the world use IBM EMM solutions to help manage the pressures of increasing marketing complexity while delivering improved revenue and measurable results. IBM's time-tested and comprehensive offerings are giving companies such as Dannon, E*TRADE, ING, Orvis, PETCO, Telefonica | Vivo, United Airlines and wehkamp.nl the power and flexibility required to provide their customers and prospects with what they expect today – a more consistent and relevant experience across all channels.



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