

NEXT-GENERATION DIGITAL EXPERIENCE MANAGEMENT: GET INNOVATIVE TO CREATE HAPPY CUSTOMERS

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This Knowledge Brief outlines how modern, AI-powered digital experience platforms help firms foster innovation across the business and drive customer delight.

Definition: AI-Powered Digital Experience Management

Aberdeen defines “AI-powered digital experience platforms” as companies using web content management, customer communications management, and customer experience management technology capabilities in combination with any or all of the following AI capabilities: machine learning, artificial intelligence (AI), real-time decision assist & guidance, natural language processing (NLP), chat bots, and speech analytics.

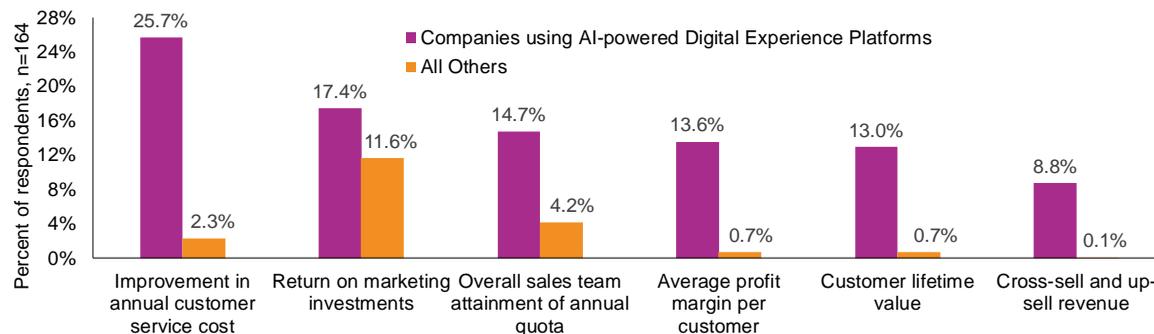
What Necessitates a Modern Approach to Digital Experience Management?

Customer experience management (CX) has become the new battleground for firms aiming to stay relevant and successful in this era of the empowered customer. Companies aiming to outpace competitors must have a clear understanding of the needs of each buyer. They must also optimize their activities in the front office (sales, marketing, and service) and the back office (e.g., operations and billing) to continuously innovate and find new ways of meeting *and* exceeding customer expectations. This is where digital experience management (DX) programs come into place.

Findings from Aberdeen’s February 2018 *Customer Experience Executive’s Agenda 2018: How to Satisfy the Empowered Customer?* study shows that on average, companies use at least eight channels to interact with customers. Five of those channels (email, web, social media, online events, and mobile website) are digital. Furthermore, more companies have plans to add digital channels such as live chat, text messaging, and mobile applications within their CX programs. Therefore, companies must master managing digital interactions to succeed in creating happy customers.

A close analysis of companies using a DX platform (see sidebar) shows that firms using technology truly stand out in improving their performance year-over-year, compared to those without such a platform (Figure 1).

Figure 1: Companies Enabled by AI Achieve Greater Year-over-Year Increase in Financial Results



Source: Aberdeen Group, February 2018

Before analyzing the performance results in Figure 1, let's first take a closer look at what an AI-powered DX platform is. Traditionally, when firms manage customer interactions across digital channels such as the web, they use technologies such as web content management. This allows employees across specific departments such as commerce, marketing, and IT to build and update website content. These updates are done to address changing buyer preferences and behavior. In addition to updating the website content, companies must also update their digital workflows.

For example, a firm that adds the option for customers to order online and pick up in-store would need to update its order management and inventory workflows to ensure that the customers are provided with accurate visibility of in-store product availability, and an accurate timeframe of when their order will be ready for pickup. With the absence of such a workflow, the company risks selling products to customers that aren't actually in stock and available for in-store pickup.

Unfortunately, traditional web content management activities are mostly focused on enabling business users to update web content such as images on a website. But they fall behind when it comes to integration across other front-end systems such as CRM and marketing automation, as well as back-office systems such as ERP, order management and inventory management. Needless to say, customers today expect a seamless experience across all channels, and failure of the web content management system to integrate with other systems hinders organizations' ability to meet this expectation—as evidenced through the above example.

A DX platform allows firms to manage customer interaction content across all digital channels. It also allows updating relevant workflows so the content is tied with those business operations that impact customer experiences. Best-in-Class firms in Aberdeen's February 2018 [CX Executive's Agenda 2018](#) study infuse artificial intelligence capabilities such as machine learning, predictive analytics and prescriptive guidance to amplify the benefits of such DX platforms.

How do AI capabilities amplify the benefits of a DX platform? They do so in two essential ways. First, capabilities such as machine learning help firms reduce reliance on data scientists to analyze vast volumes of data, such as which customer segments react favorably to specific content. This improves the speed at which employee can access relevant insights, but also helps firms reduce labor costs associated with using of data scientists. Employees empowered with timely, AI-powered insights can act faster to align their digital activities with evolving buyer behavior.

The second way AI helps amplify the benefits of DX platforms is optimizing customer interactions. This refers to using AI to not just analyze historical and

real-time data, but also *act* on those insights. For example, companies can use chat bots (bots) that continuously analyze customer satisfaction and behavioral data through machine learning and determine how to best handle customer needs. Such ongoing learning helps bots continuously refine their ability to address buyer needs. Also, providing bots and employees with visibility into the customer journey allows optimizing personalization activities. For example, a bot can greet a buyer who recently used the company self-service website for a password reset. When greeting, the bot can ask if the buyer needs help with the same issue (e.g., password reset). Data shows that firms with DX platforms are 2.8 times (79% vs. 28%) more likely than All Others to personalize each conversation as exemplified above.

AI-powered DX platforms influence company performance across various key metrics. Among them are metrics reflecting financial success of the business. For marketing, the metric used to assess marketing's financial impact on the business is return on marketing investment (ROMI—see sidebar). Figure 1 shows that firms using AI-powered DX platforms achieve 50% greater annual increase in ROMI, compared to All Others (17.4% vs. 11.6%).

For Sales, the overall attainment of bookings / sales target is a key measure of success. And again, firms using AI-powered DX platforms outperform those that without it by 3.5 times in annual improvement of this measure (14.7% vs. 4.2%). For Service, controlling / decreasing support costs while ensuring customer satisfaction is key. Figure 1 reveals that companies using AI-powered DX platforms enjoy 11.2 times greater annual improvement (decrease) in support costs, compared to All Others (25.7% vs. 2.3%).

In addition to the department-specific financial results observed above, Figure 1 also shows that companies using AI-powered DX platforms maximize customer lifetime value, average customer profit margin and cross-sell / up-sell revenue. Growing customer lifetime value annually requires firms to satisfy their clientele and effectively manage each interaction to increase spend. This in turn requires firms to map the unique journeys of each buyer, and use the resulting insights to tailor future interactions, maximizing the likelihood of retaining their business and growing their spend.

Companies using AI-powered DX platforms achieve 18.6 times greater annual increase in customer lifetime value—a testament that they mastered how to successfully map and manage customer journeys. In fact, data shows that firms using an AI-powered DX platform are 3.4 times more likely (72% vs. 21%) than All Others to map and manage customer journeys.

As stated earlier, one of the key benefits of using a DX platform is empowering the line-of-business (LoB) employees with the ability to more quickly and efficiently manage content. Traditionally, many firms have considered “content” to be simply images on a website, but the content used

Definitions

For the purposes of this research, Aberdeen makes the following definitions:

- **Return on marketing investment (ROMI):** the incremental revenue uplift that's influenced through marketing programs.
- **Customer lifetime value:** Total customer spend with the business through the lifetime of the interactions between the firm and the buyer
- **Employee engagement:** a state of positive work-related attitude, characterized by high levels of energy, emotional commitment, and satisfaction derived from the work itself.

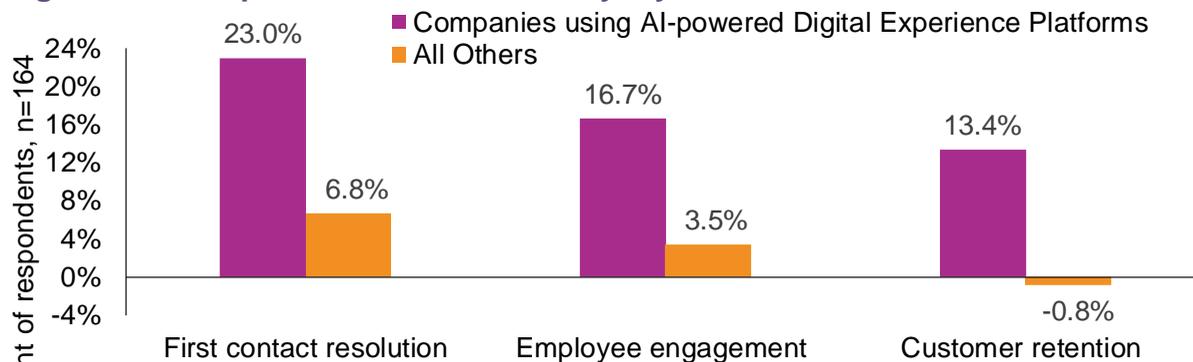
When employees are engaged, they feel a vested interest in the company's success and are both willing and motivated to perform to levels that exceed the stated requirements of their job (e.g., improve marketing campaign results).

in CX programs is much broader. Among the many examples are the knowledge base articles customers use when they visit the company self-service website, and information on the items in a customer's digital shopping cart within the company mobile application.

Enabling the LoB to manage content through a unified (DX) platform means that employees won't need to wait until IT makes a revision on the self-service portal to update an article that hasn't been helpful in addressing customer needs. Employees can now do this update themselves—a key necessity for firms to operate with the speed of their customers, not the speed dictated by internal processes.

Another metric that reflects the impact of AI-powered DX platforms on driving business innovation and efficiency is employee engagement (see sidebar on previous page). Many firms make the mistake of assuming that customer experiences are only influenced by processes and technology. This is incorrect; it's the employees who use these technologies and follow relevant processes that shape customer experiences. As evidenced in Aberdeen's October 2017 [Employee Engagement: Happy Employees Make Happy Customers](#) study, when firms are engaged, companies observe significant improvement in customer satisfaction rates. Therefore, it's no surprise that firms enabling their employees with AI-powered DX platforms observe significantly greater annual improvement in employee engagement and customer retention rates (Figure 2).

Figure 2: AI Helps Unlock Customer Loyalty



Source: Aberdeen Group, February 2018

One of the reasons why employee engagement rates increase when companies incorporate DX platforms within their technology toolbox is because a DX platform not only helps connect a company with its customers, but also helps connect employees within the business. In other words, a DX platform can be used to build and manage internal online communities / intranets where employees can find subject matter experts (SMEs) who can help them with knowledge they may need to do their jobs. It also helps teams

communicate and collaborate more efficiently, which is a key influencer of success when designing new products and bringing a new product or service quickly (and efficiently) to market.

Key Takeaways

The analysis throughout this document makes it clear that incorporating AI-powered DX capabilities helps improve company performance significantly. The performance improvements observed by firms with this technology spans multiple areas, including revenue growth, cost reduction, employee engagement, and customer satisfaction. Hence, it's reasonable to state that companies using digital channels to interact with customers must consider how they can transform their activities by using a DX platform.

When considering the potential impact of a DX platform or assessing the benefits of an existing one, it's vital to remember that this technology will deliver results only upon setting the right foundation. This requires ensuring that the platform can easily integrate across all enterprise systems to build and maintain a seamless view of customer and operational data. To this point, companies with AI-powered DX platforms are 72% more likely (79% vs. 46%) than All Others to have this capability.

Once companies ensure seamless integration, they must also infuse analytical capabilities to optimize the use of the DX platform to generate desired customer experience results and employee benefits. Only when this foundation is built properly can firms expect to enjoy the continuous performance improvements that are necessary to stay ahead of competitors in the long run.

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