Deloitte.
Digital

Building your Experience Business

A practical how-to guide

Track and Trace Customer Journeys

## Using Behavioral Data to Optimize Customer Journeys

Customers increasingly expect organizations to offer consistent and personalized interactions across online and offline channels. Customer-facing departments try to keep up by tailoring each interaction to individual needs. However, identifying and acting on these needs in a consistent manner is more easily said than done. The challenge is to develop an integrated view of needs and performances across these interactions. So how can organizations effectively track and monitor behavior across the entire customer journey to identify opportunities and pain points for optimizing the customer experience?

When they interact with an organization, customers pass through multiple stages, each impacting their awareness of the brand, their willingness to consider and use the brand, and their likeliness to return to the brand. A visualized customer journey provides a roadmap of the interactions that shape the overall brand experience.

Once you have defined the ideal customer journey, seven key steps will enable you to implement a concept known as closed-loop experience management - the capability to continuously collect data from different channels throughout the customer journey, use this data to develop insights and then further optimize the customer journey based on these insights.

STEP 1: IDENTIFY THE CRITICAL EVENTS IN A JOURNEY

Begin by identifying the concrete 'critical events' that help distinguish different phases in the journey. For example, a TV commercial in which a customer encounters a brand for the first time is a critical event for the initial phase of brand awareness and the start of the journey. If a customer then searches for the brand online and creates an account on the company website, these can be marked as critical events signaling the customer has entered the interest and consideration phases of the customer journey.
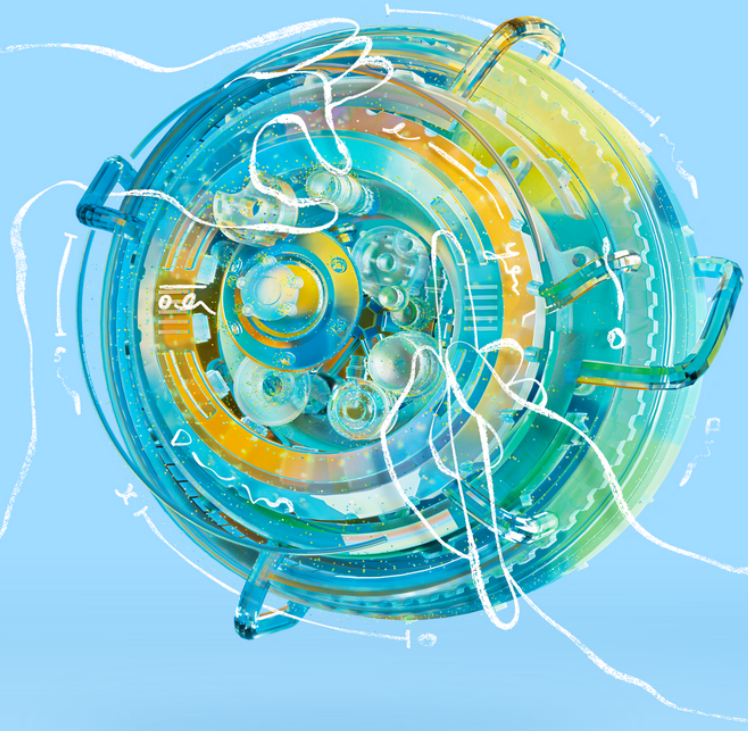
Gathering data across all touchpoints and translating it into valuable and actionable insights is key for optimizing the customer journey.

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STEP 2: ENABLE TRACKING AND TRACING TROUGHOUT THE JOURNEY

Organizations can pinpoint where audiences are in the journey based on their behavior during a critical event. For example, the creation of a new customer account signals the customer is in the interest phase until another critical event signals they have moved to a different phase. The customer could move to the desired next phase strengthening their relationship with the brand (fall through) or could abandon the journey due to a loss of interest (fallout).

The data generated by critical events enables marketers to assess the effectiveness of each customer journey phase. Combining this interaction data from channels and touchpoints will enable marketers to discern how these interactions are impacting customers' behavior in each phase. Marketers can use this input to optimize interactions accordingly.

STEP 3: SET UP A KPI FRAMEWORK

The amount of data available in today's digital marketing landscape makes it difficult to distinguish actionable insights from information that is simply nice to know. As a result, reports often include an abundance of information, but do not provide the recipient with a clear direction on what should happen next.

Building a KPI framework helps to define all the relevant variables that need to be tracked. Start by defining the overall goal of the customer journey, such as optimized sales, a positive customer experience or customer retention. Next, establish KPIs and targets for each phase that have a demonstrable relationship to (and can help measure progress towards) the overall goal.

Be highly selective about the information to report on. Only KPIs known to impact the business goal should be included in the report to set a clear direction and prevent information pollution.

When the information reported to marketers is dialed back to only a few key insights relevant to decision-making, the process of capturing next best actions will become much more efficient.

STEP 4. COMBINE AND VISUALIZE DATA

Organizations can use experience platform tools to combine data from online and offline channels and touchpoints. Sharing the information via a reporting dashboard with comprehensible visualizations will help marketers quickly assess the situation and identify the next best journey optimization.

The practical how-to guide

1. Experience Strategy & Blueprint
Embedding convenience, personalization and brand purpose throughout your customer journeys.

2. Design & Configure Customer Journeys
Bringing customer journeys alive based on your strategy with service design and agility.

3. Track & Trace Customer Journeys
Managing performance with connected data, dedicated KPI frameworks and dashboarding.

4. Setup Customer Journey teams
Establising customer journey teams, adapting your processes and integrating them in your organization.

5. Supporting your Experience Business with Digital Experience Platforms
Facilitating and scaling hyper-personalized experiences with the right technology.

6. Scalable & Efficient Customer Journeys
Managing, scaling and maintaining customer journeys across multiple markets/brands.

7. Challenges, Scenarios, Roadmaps
Successfully rolling out an experience business in your organization and overcome transformational challenges.

There are multiple ways to visualize KPIs and the overall flow of the journey. In general, three levels of visualization can be used: customer journey level, channel level and touchpoint level. Simple visualizations include bar charts showing the amount of customers in each phase. More sophisticated visualizations drill down on customer dynamics across different moments in the journey. Like a subway map showing the volume of passengers on each line, they show how customers move from one stage to the next and they offer the possibility to drill down on characteristics that influence their path.

STEP 5: BRINGING JOURNEY PERFORMANCE MANAGEMENT INTO ACTION

Customer journey performance dashboards depend on a standardized reporting structure that ensures insights are reported in a timely fashion to the company's stakeholders. As well as providing dashboards to those responsible for the results of customer journeys, it is important to report progress on an overall level. In other words, when putting journey performance management and dashboards in place, make sure the journey is responsible, accountable, consulted, and informed (RACI) and the right people are provided with the relevant information in a timely matter and format. See next chapter: 'Setup Customer Journey Teams'.

STEP 6: ENABLE REAL-TIME JOURNEY INTERACTION USING AI

Timeliness is critical to stay relevant for a customer. Customers who have entered a new customer journey phase expect to encounter brand experiences that fit their current needs; needs that they have expressed in the previous interaction. They expect those needs to have been captured, understood and processed in the follow-up interaction. However, it is impossible for marketers to manually analyze interaction data for every customer fast enough. Therefore automating the process of data collection and responding in real-time is key for organizations with bigger audiences and a variety of channels. Business rules, machine learning and AI software are required to personalize the customer experience in such a way that each interaction takes the previous one into account.

STEP 7: OPTIMIZE CUSTOMER JOURNEY PERFORMANCE BY CLOSING THE LOOP

"Closing the loop" refers to analysis of the results of the customer journey and drawing conclusions about what works and what doesn't, and then improve the design of the journey. This strategy enables successful execution of a customer strategy sustained over time. After all: What works today, may not work tomorrow.

This article is part of a larger series by Deloitte Digital on how to create your Experience Business.

A lot has been written about what it means to be an experience business, but very little about how to become one. This guide pinpoints the common challenges and possible ways for how to solve them.

Long gone are the days of customers simply buying based on price or on product or service alone. They now buy experiences. The ultimate goal of any business is to make its customers feel good and to add value to their lives. This is what an experience business is all about; building experiences around products and services that people love and will keep them coming back for more. Creating an experience business will drive long-term business growth, durability and relevance. Drawing on insights from our daily practice, Deloitte Digital has created this practical guide, which is designed to help organizations fundamentally change the way they engage and interact with customers.

Thank you.

While sharing best practice through this guide, we recognize that every organization has its own context and specific way of working. Given the diversity of organizations and our desire to make a positive impact, we are keen to talk to everyone who is passionate about this subject.

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