

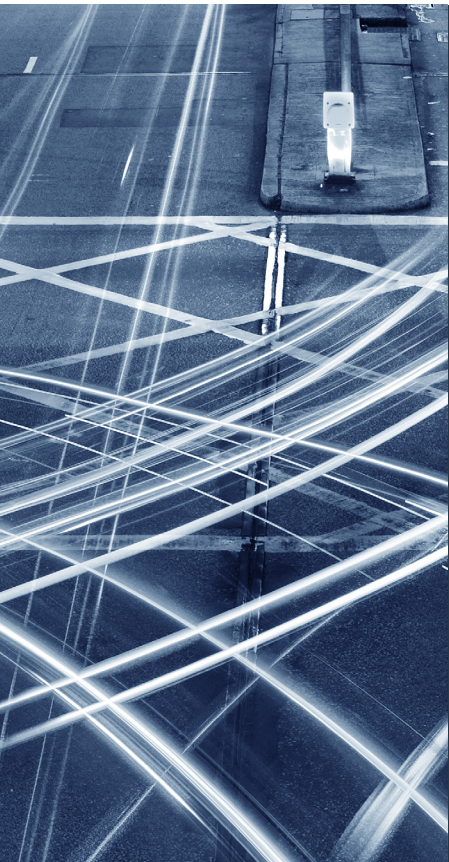


# kitewheel

May 2016

## The State of the Customer Journey **2016**

Winning the Hearts and Minds of Customers:  
The Evidence that Brands are Embracing  
the Customer Journey



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# INTRODUCTION

## Winning the Hearts and Minds of Customers: The Evidence that Brands are Embracing the Customer Journey

In recent years, the balance of power between marketer and consumer has shifted from brands to now lie almost entirely with customers. Mobile apps and real-time technologies make detailed information and competitive options readily available to customers wherever and whenever they seek them. In response, brands have focused on improving the customer experience at particular touchpoints - such as the call center, in-store point of sale, or website - with the intent of creating better, longer lasting relationships with greater value.

Recently, however, brands are discovering that it's not necessarily individual touchpoint experiences that drive loyalty (and ultimately long-term value) but instead the cumulative experience of a customer across these many touchpoints – the end-to-end customer journey.

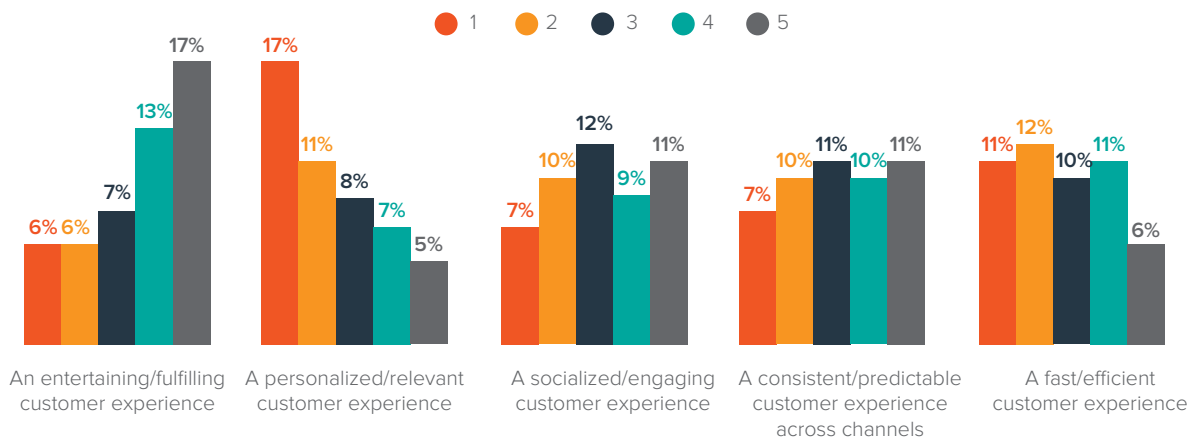
According to a recent McKinsey study, “Performance on journeys is more predictive of business outcomes than performance on touchpoints”.

They found that across different industries performance on journeys is 30% to 40% more correlated with customer satisfaction than performance on touchpoints, and 20% to 30% more strongly correlated with business outcomes, such as higher revenue, repeat purchase, lower customer churn, and positive word of mouth (McKinsey, [The Truth About Customer Experience](#)).

Engaging customers with compelling, contextually relevant experiences is the new competitive high ground. Data from a recent economist study confirms that CMOs have become laser-focused on customer experience because it directly hits both the top and bottom lines of their business.

As a result, leading companies seeking to gain a competitive advantage in today's market are embracing customer journeys as an opportunity to deliver value to their customers and keep them loyal over time.

### WHAT YOUR ORGANIZATION THINKS ARE THE PRIORITIES FOR A WINNING CUSTOMER EXPERIENCE

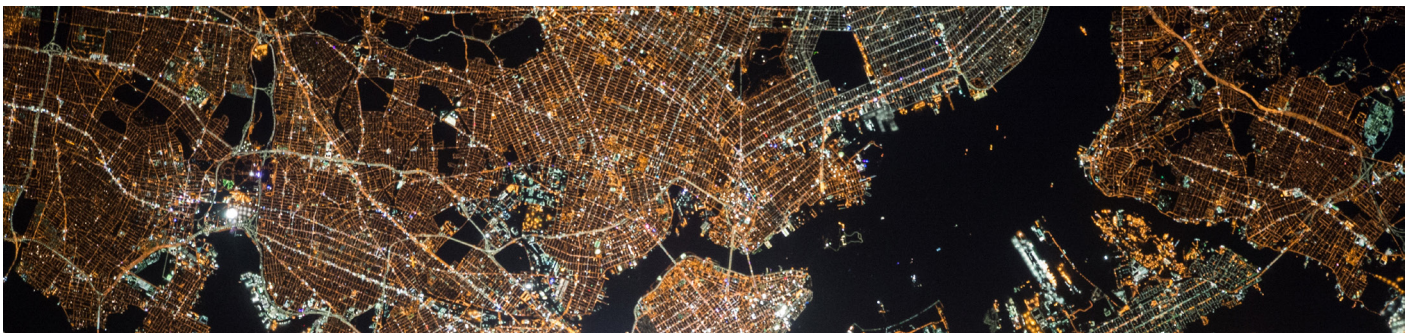


RANKED FROM 1-5 (1=MOST IMPORTANT, 5=LEAST IMPORTANT)

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# THE STATE OF THE CUSTOMER JOURNEY

## Omni-Channel Marketing



Embracing the journey begins with understanding the journey. As a leader in customer journey management, Kitewheel analyzed and compared over a billion brand and customer interactions from its successful delivery of customer journeys for clients worldwide. Data from 2014 and 2015 was analyzed across a range of industries – Retail, Automotive, Travel, Healthcare, Education and Insurance – to provide insights into actual journey executions in today’s evolving customer journey market.

Based on the analysis across industry sectors for 2014 and 2015, Kitewheel found clearly positive overall trends. More brands are adopting customer journeys, they are executing more types of journey, and they are investing in them across increasing numbers and types of touchpoints. Additionally, brands that embraced journeys earlier are now expanding them as they achieve success. Our data shows a strong seasonality (driven by certain industries) plus a consistent growth in overall customer journey interactions (see chart 1: Journey Interactions).

JOURNEY INTERACTIONS (MILLIONS)

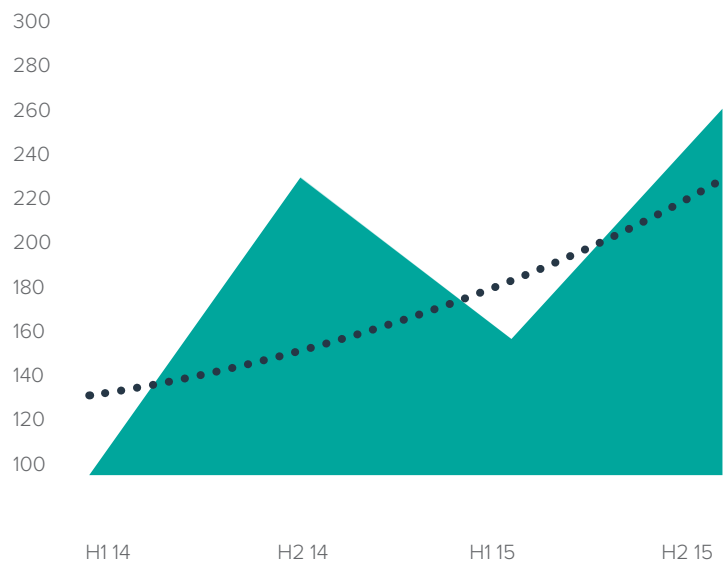


CHART 1

# CHANNEL ANALYSIS:

## *Web, social, email and mobile key to the omni-channel journey*

In considering customer journeys, it is imperative to focus on connected actions, not stand-alone single-channel events such as web hits or social listening. It is the connectedness across channels which makes it a journey and captures customers' cumulative experience with a brand. This analysis focuses exclusively on the connected customer experience to provide real insight into the channels comprising these journeys.

Brands' omni-channel investments are currently dominated by web, social, email and mobile app, but we see interesting dynamics as each channel's role in the customer journey is evolving. The web channel shows consistent growth and, despite claims to the contrary, email is not dead – it has actually experienced significant growth within omni-channel journeys specifically. Recently some of the luster has begun to wear off social touchpoints as tracked interactions have declined in the most recent year. Brands are being smarter, using social as a more targeted lead generation tool to feed into a broad array of other channels in their customer journeys. Simple social listening activities have thus declined and so the share of social interactions has gone down, although does remain a very notable volume. While mobile app interactions represent the fewest overall, less than 1% of total transactions, it is experiencing the fastest growth – ten times higher than the growth in other any channel, and this trend shows no signs of stopping.

In looking at the overall distribution by channel for 2015, we see 48% of journey interactions are social, 23% are email, and 20% are interactions over the web. Other key observations when we compare 2014 and 2015 (see chart 2 and chart 3) include:

- ◀ Web interactions, as part of a connected consumer journey, are up 67%.
- ◀ Email is up by 270%.
- ◀ As businesses have begun to expand the channels included in their customer journeys, social's share of interactions has declined 23%.
- ◀ Store interactions are flat, showing there is not yet a significant effort shown in the data to connect physical with digital touchpoints. Connecting the off and online world represents an opportunity for Journey growth in 2016.
- ◀ Mobile App interactions are up well over 10x and is the channel to watch in 2016.

The 10x growth of mobile is significant for many reasons. This data represents mobile app interactions and, while the overall percentage of these interactions is still relatively small, the channel has great potential as evidenced by its significant growth. Effectively leveraging the mobile app (as opposed to mobile web) as part of the customer journey can deliver much greater relevance for the consumer, but requires a strong and smart real-time capability.

CROSS CHANNEL 2014

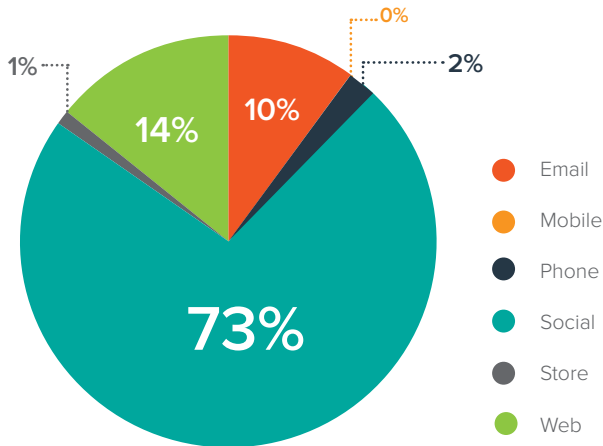


CHART 2

CROSS CHANNEL 2015

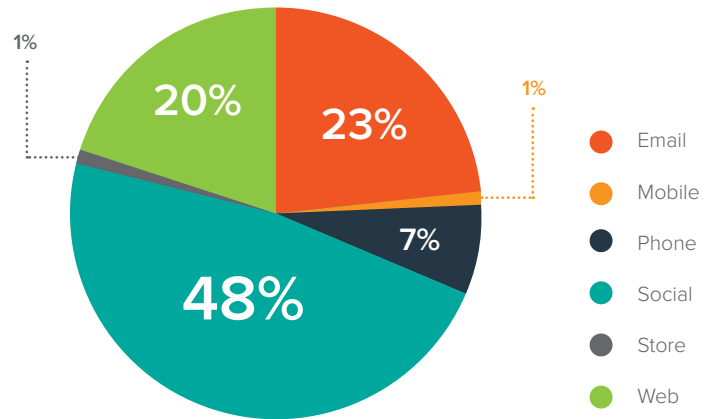


CHART 3



**BILLION-DOLLAR PRODUCTS COMPANY USES JOURNEYS TO SUCCESSFULLY ENGAGE CUSTOMERS**

A billion dollar, US-based product company started using customer journeys to engage customers more effectively in 2013 with a focus on lifecycle gamification on their website. Over 1,000 different potential journeys were created to support customers as they moved through seven lifecycle stages. As the company achieved success in one channel, more channels were added, including email to re-engage lost customers, and social to link with customers using Facebook and then quickly expanding to Twitter, Pinterest and Google+. After achieving success with social channels, the company launched a custom mobile app that was synchronized with the other channels to be an integral part of customer journeys. By 2015, the results were clear - customer journeys were delivering:

- ◀ Journey-based customers are 56% more engaged than other customers.
- ◀ Journey-based customers shared brand content on their channels at 7x the rate of other customers.
- ◀ Journey growth was over 1,000% between 2013 and 2015
  - ◀ 6.4M journey interactions in 2013 across 2 channels
  - ◀ 37.2M journey interactions in 2014 across 3 channels
  - ◀ 75M journey interactions in 2015 across 4 channels

This success story demonstrates how starting small and then expanding based on results can benefit both brands and their consumers.

# INDUSTRY ANALYSIS:

*Retail and healthcare are customer journey leaders*

Industries such as retail and healthcare are early leaders in the customer journey movement engaging customers across a broad array of channels and producing the highest volumes of journey interactions. These industries have matured to employ a more balanced approach using a mix of channels as opposed to giving preference to a single channel. Retail accounted for 50% of all journey interactions tracked in 2015 and utilized a combination of all studied channels (see chart 4 and chart 5). The retail industry illustrates how brands over time may expand from a more targeted approach with a singular channel such as social to a more comprehensive journey approach that includes not only social, but also web, email and in-store interactions (see charts 6 and 7).

As would be expected, the volume of interactions over 2014 and 2015 indicate some seasonality with fluctuations common in industries such as retail, which accounts for a large portion of customer journey interactions tracked by Kitewheel (see chart 8: Seasonal Customer Journey Interactions).

**2014 INDUSTRY INTERACTIONS**

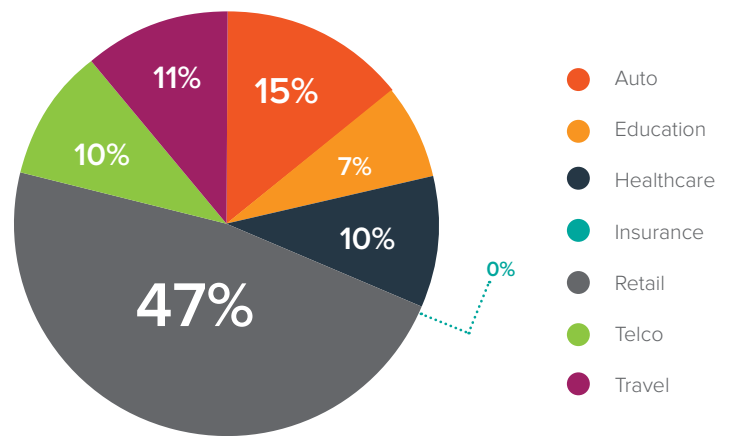


CHART 4

**2015 INDUSTRY INTERACTIONS**

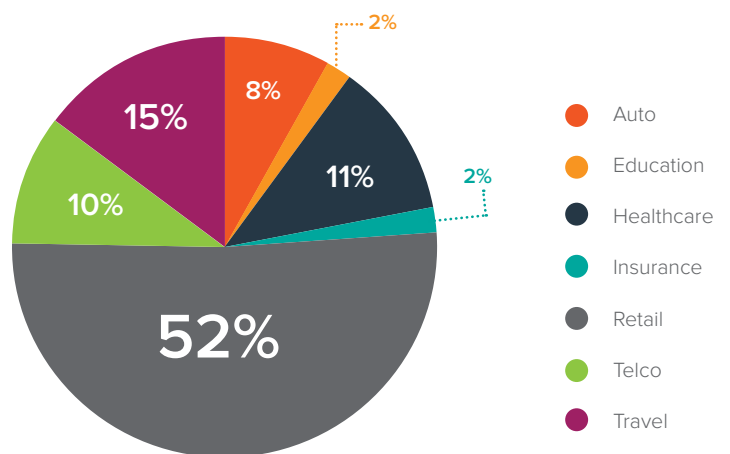
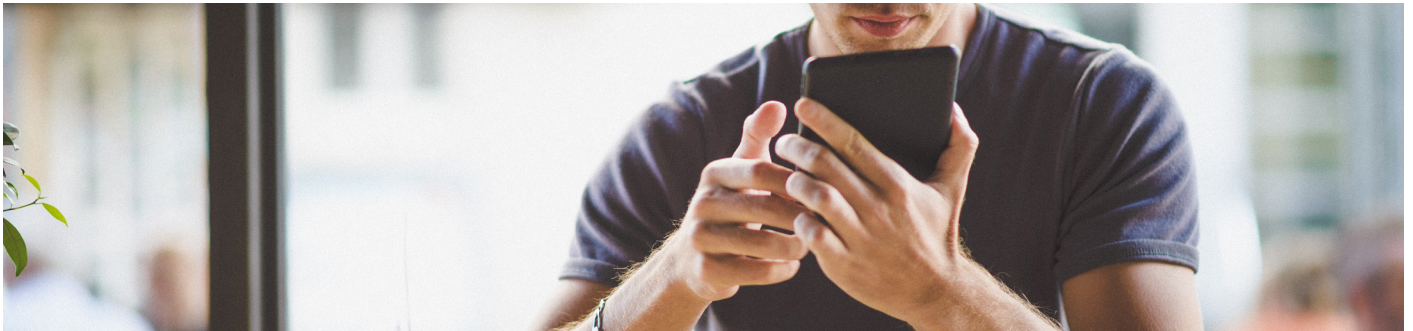


CHART 5



The travel sector was one of the first to utilize customer journeys and this sector continues to grow, primarily by incorporating additional channels into the journey for their best customers. The insurance sector was the big new entrant in 2015 with a 4x growth on the year before - although this typically more traditional industry still makes up less than 3% of all interactions tracked by Kitewheel. The movement of the Insurance industry to customer journeys is indicative of the pervasiveness and success of the strategy.

Retail, travel and healthcare not only have the largest volume of interactions, but also the most balanced touchpoint spread, incorporating more touchpoints in their journeys than other industries – truly embracing the omni-channel customer journey.

### RETAIL JOURNEY INTERACTIONS

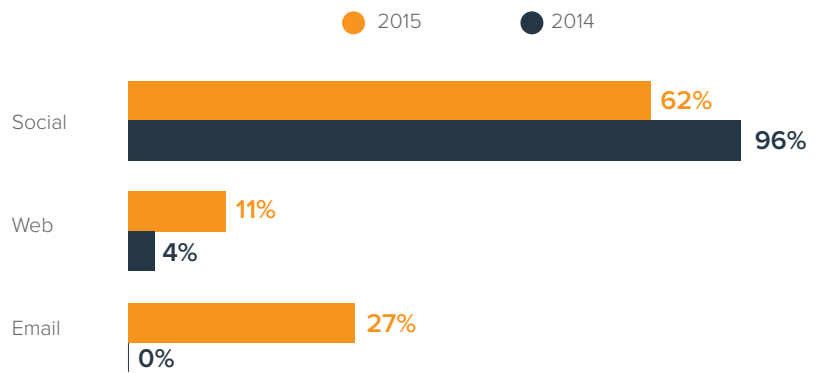


CHART 6

### AUTOMOTIVE JOURNEY INTERACTIONS

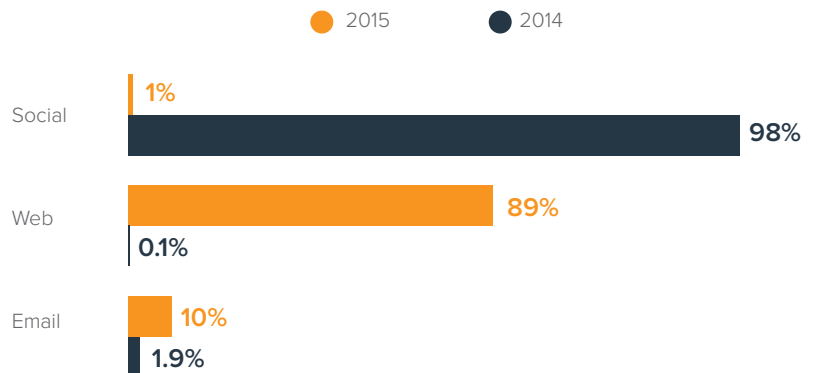


CHART 7



INDUSTRY JOURNEYS (MILLIONS)

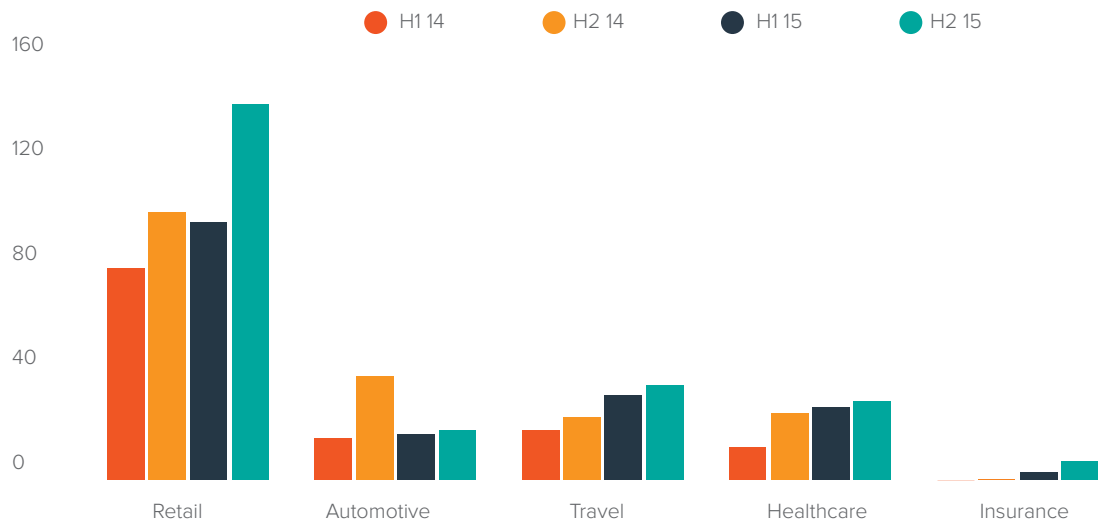


CHART 8



EUROPEAN  
AIRLINE CARRIER  
EMPLOYS  
CUSTOMER  
JOURNEYS TO  
CONNECT WITH  
CUSTOMERS

A low-cost airline needed to more effectively connect with its customers and engage them in long-term relationships. An initial journey started with adding real-time emails to an existing, highly successful batch email program to create more personalized and contextual experiences. A follow-on initiative then shared all real-time updates with the airline call center systems resulting in seamless hand-off from one channel to the next. Success led to expanding the journey program further to incorporate website tracking and enhanced e-commerce engagement. Next up, in-flight tablet devices.

By 2015, customer journey interactions had grown over 1,100%:

- < 5M journey interactions in 2013
- < 34M journey interactions in 2014
- < 63M journey interactions in 2015

# CONCLUSION:

*Now is the time to embrace omni-channel customer journeys*



Brands, and their agencies, are placing increased emphasis on omni-channel marketing initiatives, particularly in terms of managing the customer experience as part of on-going, individual customer journeys. This is a departure from traditional approaches, which focus on the customer experience in individual touchpoints.

This is not to say that brands should invest in all touchpoints equally or at once. Brands must first understand how customers are engaging with their brand (and others), and unearth specific gaps and opportunities to improve engagement. This may mean that brands and agencies focus on improving the customer journey across a few touchpoints first. After demonstrating measurable results and ROI, brands can expand their efforts to include more touchpoints as they work to deliver a truly omni-channel customer experience. While every brand and customer journey is unique, Kitewheel's analysis of journey interactions shows that many brands often start with social or web, and then work to incorporate mobile and email into the journey. Physical touchpoints represent a largely untapped opportunity for brands.

When it comes to coordinating these modern-day customer journeys, retailers are leading the way, with healthcare and travel companies also investing heavily. Even more traditional industries like insurance have come to embrace the notion of the customer journey. Through increased investments in orchestrating the customer journey, brands have realized a wealth of benefits, including increased awareness, engagement, conversion and retention. The sky is the limit when it comes to the connected customer experience – as new best practices emerge, brands are working to incorporate more touchpoints into their omni-channel strategy.



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## ABOUT KITEWHEEL

Kitewheel enables agencies and brands to plan, execute and optimize intelligent customer journeys. Kitewheel's Customer Journey Hub unifies the decisioning logic across all systems and touch points - both physical and digital - enabling systems to work together to drive meaningful interactions with customers and increased ROI.

Kitewheel has more than 25 of the world's leading marketing agencies as active partners, including the top five agency groups (Havas, Interpublic Group, Omnicom, Publicis, and WPP), was named a Gartner Cool Vendor in 2014, and included in the 2016 Gartner Magic Quadrant for Digital Marketing Hubs. Kitewheel serves its global partner base from offices in Boston, New York City and London. For more information, please visit [www.kitewheel.com](http://www.kitewheel.com) and follow Kitewheel on [Twitter](#) and [LinkedIn](#).