

Strengthen Customer Retention And Engagement With Behavioral Data

Unlock Customer Engagement Potential:
Strategies To Understand The Full Customer Journey

A FORRESTER CONSULTING THOUGHT LEADERSHIP PAPER COMMISSIONED BY ACOUSTIC, APRIL 2024

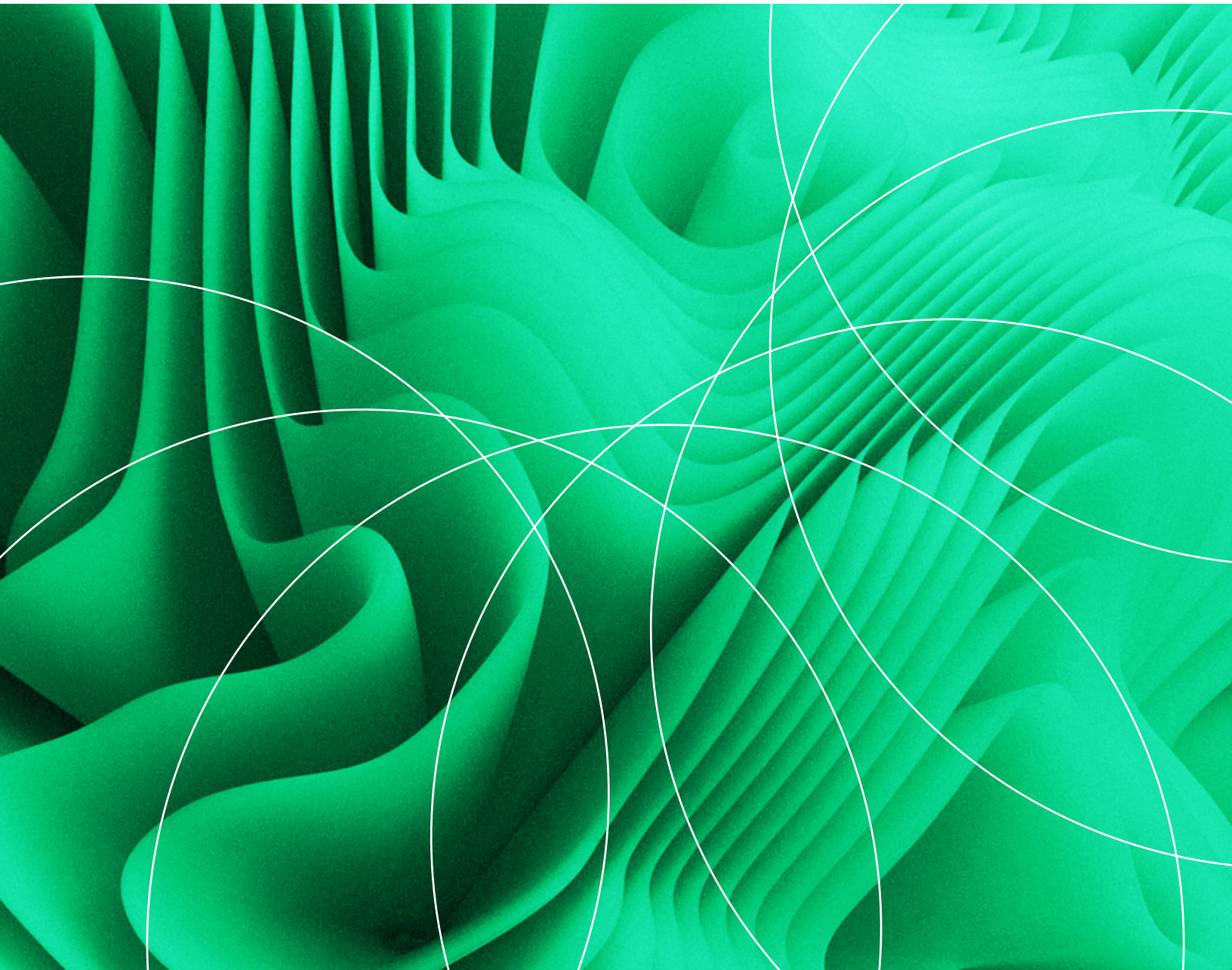


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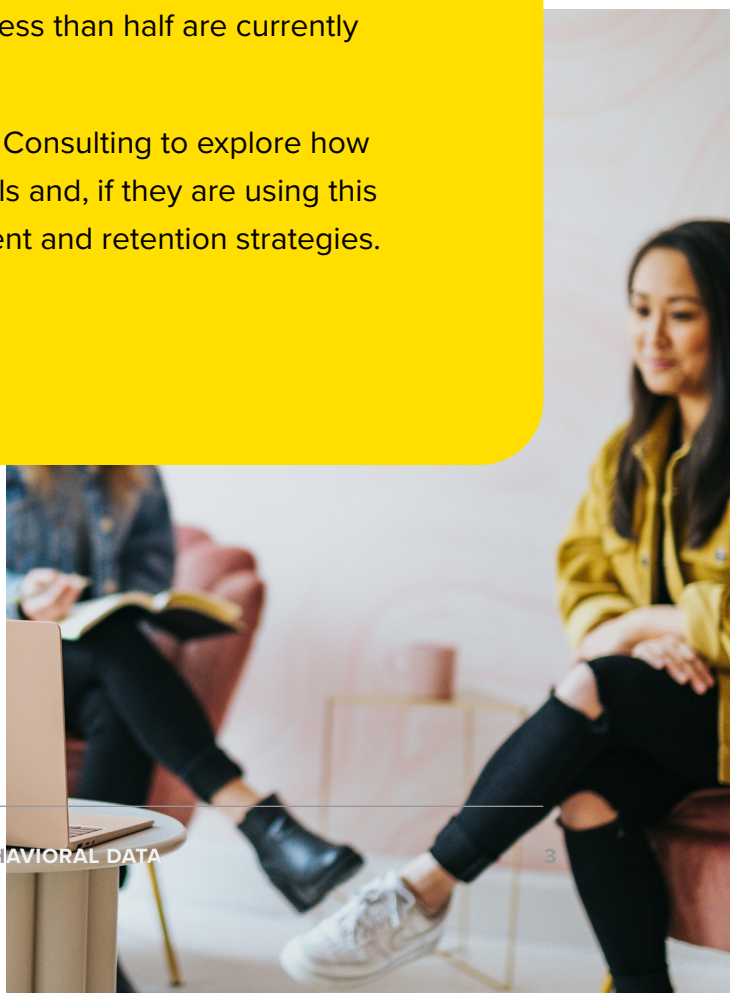
Executive Summary

While personalization has been a key concept for marketers over many decades, optimizing the effectiveness of these tactics remains an ongoing challenge. It's no surprise, then, that improvements to the quality of customer data and personalization capabilities are two of marketers' top three reported business priorities for the coming year.

But how can marketers update their first-party data strategies to incorporate the most critical types of customer data and insights to take personalization to the next level? While many companies have no shortage of customer data, it is often siloed in different departments or too unstructured to be useful. These barriers mean that marketers see only a part of the customer experience along the buying journey. As a result, they can't personalize interactions optimally to take into account the entire customer journey and buying experience. To succeed, marketers need to 1) capture first-party behavioral data, 2) analyze and uncover meaningful insight from it, and 3) act on it.

Marketers are looking to incorporate behavioral data into their marketing efforts to effectively personalize engagement across the entire customer journey. But while 75% of marketing decision-makers say collecting real-time experience data is important or critical to success, less than half are currently collecting this data.

In January 2024, Acoustic commissioned Forrester Consulting to explore how marketers are collecting customer behavioral signals and, if they are using this data, how they apply it to their customer engagement and retention strategies.



Key Findings

Marketers are working to increase the availability and type of customer behavioral data they collect. To keep up with shifting customer demand, marketers are moving toward collecting more customer behavioral data that can unlock previously underutilized stages of the buyer journey. Seventy-five percent of respondents said collecting real-time customer data is critical to the business.

While marketers know they can benefit from deeper customer behavioral data, they aren't sure how to use this data once they have it. Seventy-five percent are generating insights from the signals they are collecting, but over 60% aren't incorporating customer behavioral signals into their customer engagement efforts.

With a holistic strategy in place, investing in collecting, analyzing, and acting on customer behavioral data pays off. Organizations that have a roadmap for incorporating more advanced customer behavioral data into their personalization efforts will experience improvements in key marketing and customer engagement KPIs. According to our respondents, these include positive impacts on customer satisfaction, brand awareness, conversion rates, and ROI.



Definitions

Customer behavioral signal data: Actions captured across digital channels (e.g., email, mobile, and websites), such as clicks, page views, and on-site search and filter as well as customer data like past purchases and customer lifetime value. Customer behavioral signals also include highly granular signals, such as real-time purchase intent, churn reasons, and sentiment.

Behavioral intelligence: The analysis of customer behavioral signals to uncover real-time customer interest, level of engagement, urgency, and frustration, and provide the reasons for conversion and abandonment. It also enables marketers to understand the customer's intent as well as the actions they need to take to optimize their campaigns and journeys in real time.

First-party data: Information collected from the customer base, subscribers, and site visitors when they interact with a site or marketing, or when they make a purchase.

Marketers Understand The Value Of Collecting Customer Behavioral Data But Struggle To Act On It

To sell a product or service, companies must first understand their customers. But the way that organizations have been attempting to collect and understand first-party customer data over the past few decades needs a refresh.

With new types of customer data available to be collected and structured, marketers need a better understanding of what kind of customer data their company is able to collect, how they draw insights from it, whether they need additional capabilities to achieve those goals, and, finally, how to apply that data to their overarching customer engagement and retention strategies. This process is especially relevant when it comes to customer behavioral data.

Customer behavioral data has evolved into a sophisticated and valuable range of nuanced signals that can indicate how consumers interact with a brand, both today and in the future. These signals may include email and site clicks, hover, time spent on page, on-site marketing impressions, content consumption, repeat visitor sessions, and soft conversions. By harnessing behavioral signal data, marketers can enhance the granularity, relevance, and precision of their customer insights, targeting, and personalization at multiple stages of the customer journey.

To explore this further, we surveyed 1,203 decision-makers in charge of customer engagement/retention strategy across North America; Europe, the Middle East, and Africa (EMEA); Asia Pacific; and Latin America. We found that:

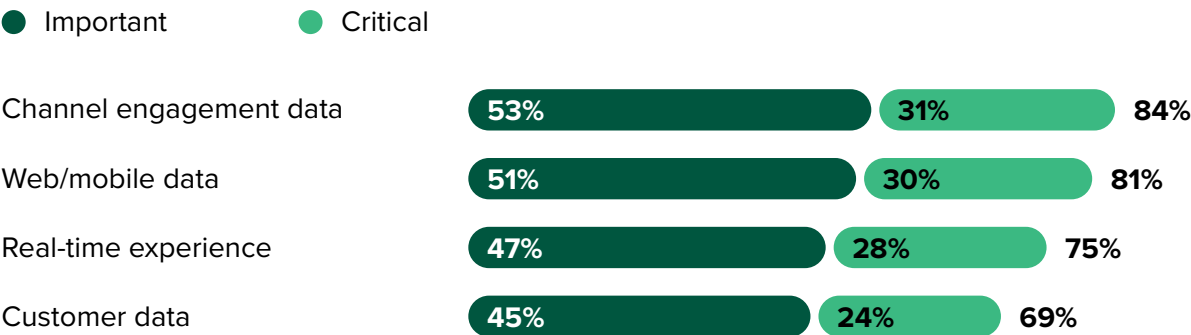
- **Marketers want to expand their customer data strategy to more holistically support the full customer journey but are stuck in the early stages.** Marketers recognize the value in collecting behavioral data such as channel engagement, website engagement, and real-time experiences; however, many are not yet able to collect the full gamut of behavioral data. The majority (68%) currently collect marketing engagement data, such as click rates, while slightly less (63%) collect standard web engagement data, such as time on page — but less than half of survey

respondents collect real-time experiences, such as cart abandonment, although they recognize the importance of it (75%) (See Figure 1). Less than half of respondents said they do any kind of journey orchestration using behavioral data. This leaves a large gap where organizations can invest in improving data and analytics to further enhance the customer journey, rather than simply focusing on the more straightforward behavioral data.

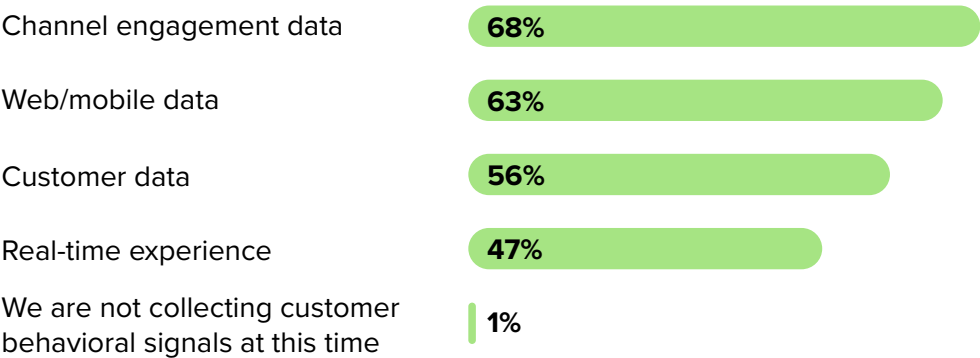
75%
say collecting real-time experience data is critical to the business, but less than half are collecting real-time experience data.

FIGURE 1

The Importance Of Collecting Different Customer Behavioral Signals



The Customer Behavioral Signals They Are Currently Collecting

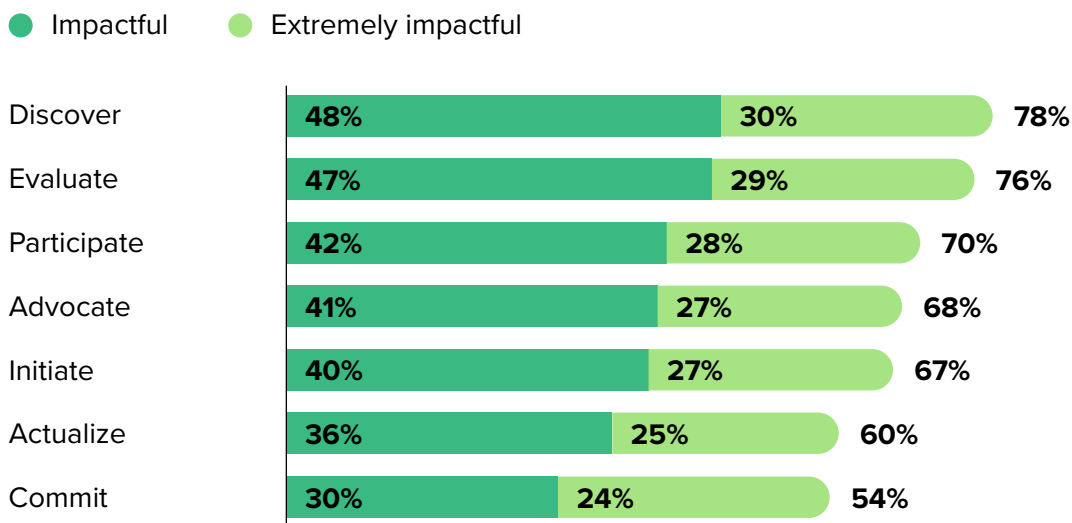


Base: 1,203 global decision-makers in charge of customer engagement/retention strategy
Source: A commissioned study conducted by Forrester Consulting on behalf of Acoustic, January 2024

- **Marketers are missing opportunities to apply customer behavioral data to optimize the customer journey.** Respondents saw behavioral intelligence as most impactful in the initial (discover/evaluate) phases of the buyer journey as well as in the participation stage. This suggests opportunities for marketers to improve how they approach the post-sale phase to increase the retention of valuable customers. By using real-time experience data, marketers can understand more about where customers are at different points in the customer journey and how they can better meet customer needs at the right time (see Figure 2).

FIGURE 2

“What is your perception of how impactful behavioral intelligence can be throughout the different stages of the customer journey?”



Base: 1,203 global decision-makers in charge of customer engagement/retention strategy
Source: A commissioned study conducted by Forrester Consulting on behalf of Acoustic, January 2024

- **Responses vary by geographical region.** North American respondents didn’t focus on new customer acquisition as much as their peers did in other regions. Respondents in EMEA had plans to improve their data and analytics, while those in Latin America had the most actionable goals for ways to activate the insights generated from customer behavioral data and analytics.

- **Organization size matters.** For the capabilities needed to achieve their business goals, different-size companies need different foundational building blocks. Here, we refer to companies with annual revenues below \$350 million as small businesses; those between \$350 million and \$1 billion as midsize; and those with \$1 billion or more as enterprise. While all respondents focused on increasing customer satisfaction and improving segmentation, respondents from small and midsize companies focused on marketing and increasing brand awareness, loyalty, and personalization. Those at small and midsize firms were working on the capabilities to grow and hone their customer base. Respondents at enterprises focused more on retention and maintaining high revenue per customer; their enterprises were in the later stages of experimentation and were growing the value of their existing bases.

Incorporating Behavioral Data Into Customer Engagement Strategies Proves Challenging For All Respondents

Although respondents believed they possess the necessary tools to derive insights from customer behavioral signals, their focus predominantly was at the initial stages of the customer journey. Marketers often overlook the value of utilizing behavioral data across all touchpoints, which is crucial for enhancing marketing automation, segmentation, and personalization. This oversight is likely aggravated by disparate point solutions that provide immediate product preference insights but fall short in predicting behaviors, deciphering buying patterns, and boosting retention (see Figure 3).



67%

answered “My organization has too many point solutions with overlapping capabilities.”

FIGURE 3

Please indicate your level of agreement with the following statements about your organization.

(Showing “Agree” and “Strongly agree”)



Base: 1,203 global decision-makers in charge of customer engagement/retention strategy

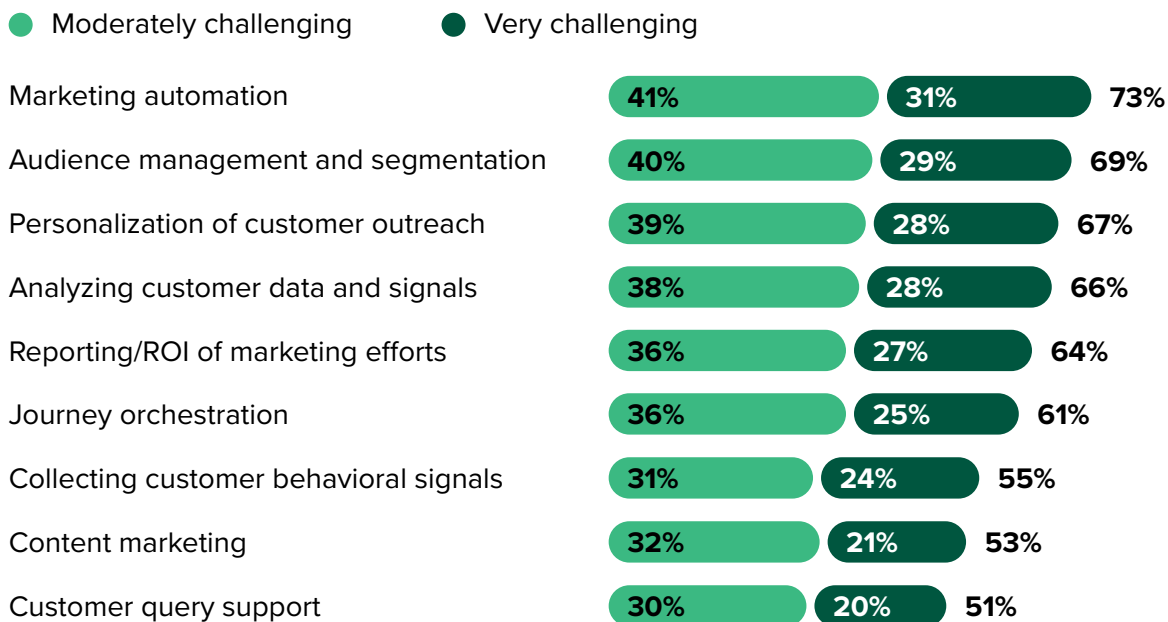
Source: A commissioned study conducted by Forrester Consulting on behalf of Acoustic, January 2024

Our survey found that:

- **Collecting and measuring customer behaviors and conversion rates was most challenging.** Respondents struggled to understand the breadth of data their company collected and how they could factor that data into their customer engagement and retention strategies. Respondents were most concerned with marketing automation (73%), audience management and segmentation (69%), and the personalization of customer outreach (67%); analyzing customer data and signals was fourth (66%). Much of their focus was on the start of the customer journey; they could take more advantage of touchpoints throughout the journey if they tracked more customer behavioral data. For example, across the board, respondents struggled with predictions. In order to reach the state where they are ready to predict customer behaviors and act upon those predictions, they need to make sure they are aware of what data they have and where it is located (see Figure 4).

FIGURE 4

“How challenging do your organization’s marketers find the following functions?”



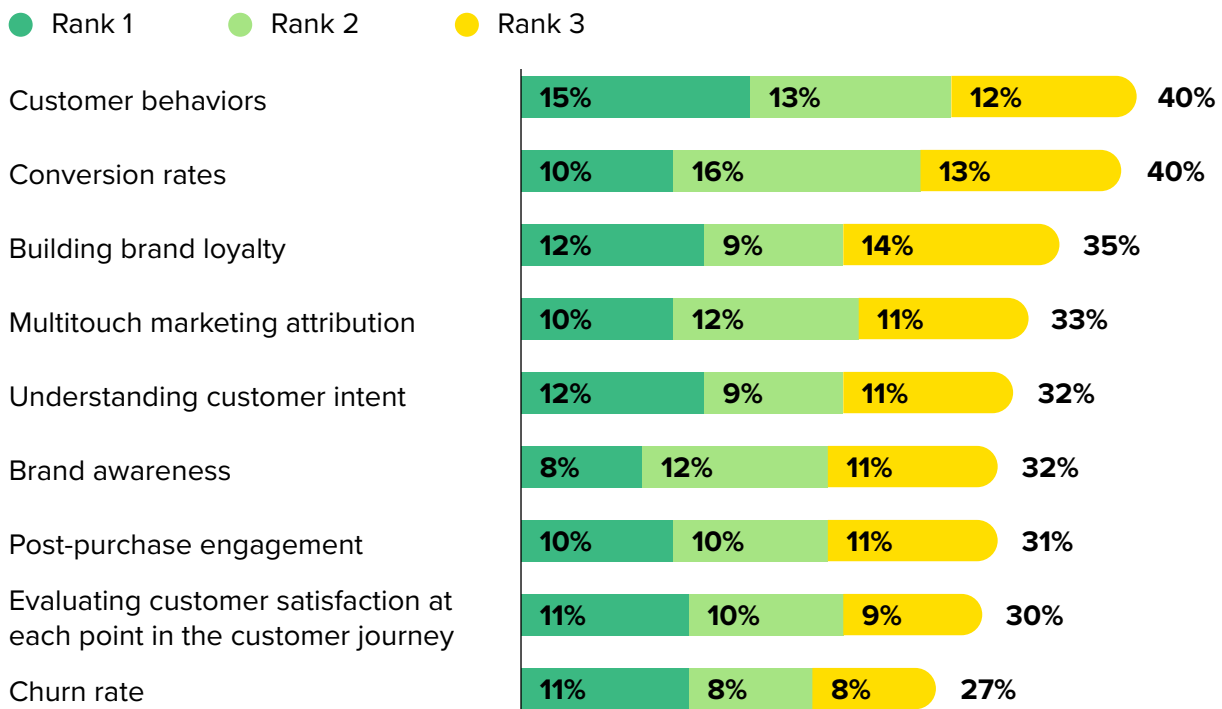
Base: 1,203 global decision-makers in charge of customer engagement/retention strategy

Source: A commissioned study conducted by Forrester Consulting on behalf of Acoustic, January 2024

- **Once they're aware of what data they collect, marketers must update their first-party customer data strategy to be more holistic.** While the majority of respondents are effectively gathering customer metrics and data, there's a clear need to broaden their scope by incorporating metrics that capture the entire customer experience and journey. Respondents found it most challenging to measure customer behaviors, conversion rates, and building brand loyalty, all of which factor into retention. If marketers want to determine their customers' buying patterns and propensity to continue to buy, they need to track more customer behavioral data from multiple stages in the customer journey to see the full picture clearly. To strategically factor in this valuable data across the rest of the customer journey, they must first collect and understand that data (see Figure 5).

FIGURE 5

“Please rank which parts of the customer experience that your organization finds the most challenging to measure.”



Base: 1,203 global decision-makers in charge of customer engagement/retention strategy

Note: Top three ranked.

Source: A commissioned study conducted by Forrester Consulting on behalf of Acoustic, January 2024

- **Results once again varied by region and company size.** All respondents identified marketing automation and audience management/segmentation as key struggles. Those in Latin America and Asia Pacific struggled consistently with all functions, but Latin American respondents struggled the least with journey orchestration and collecting customer signals.

Enabling Marketers With Customer Behavioral Data Creates New Opportunities For Personalization And Productivity

Implementing the next level of automation to leverage customer data will open up new ways of communicating with and reaching customers. By incorporating customer behavioral signal data into their organization's marketing strategy, survey respondents anticipated improved performance marketing, segmentation, and brand strategy and identity as well as increased investment in content marketing. We found that:

- **Marketers expect to benefit from laying the foundation for a better customer behavioral data strategy.** By incorporating customer behavioral signal data into marketing strategy, our respondents said that they can improve performance marketing (56%); segmentation, which is a key struggle, (48%); brand strategy/identity (44%); and customer advocacy (42%). Some 52% anticipated increased investment in content marketing (see Figure 6). Respondents saw that when marketers have the most complete customer behavioral data, they can expect improved segmentation and marketing effectiveness. These improvements can then also help improve their brand identity and customer advocacy.

FIGURE 6

“What are the benefits of incorporating customer behavioral signal data and intelligence into your organization’s marketing strategy?”

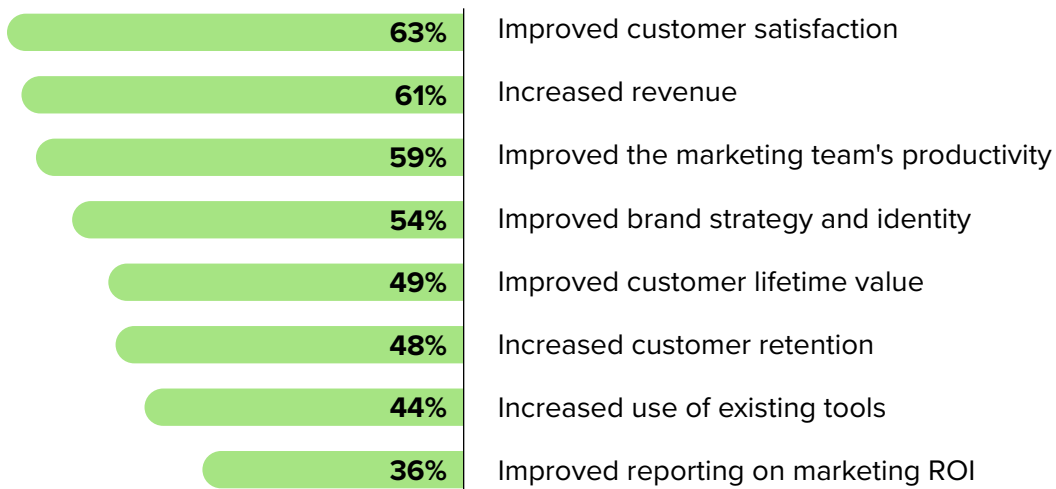


Base: 1,203 global decision-makers in charge of customer engagement/retention strategy
Source: A commissioned study conducted by Forrester Consulting on behalf of Acoustic, January 2024

- **The direct benefits of behavioral data drive business impacts.** Once marketers harness the full power of the customer behavioral data and signals available to them, they can expect positive impacts to the business. Respondents indicated improved customer satisfaction (63%), increased revenue (61%), improved marketing productivity (59%), improved brand strategy and identity (54%), and improved customer lifetime value (49%) (see Figure 7). Incorporating customer behavioral data into a marketing strategy not only helps retain existing valuable customers but also increases marketing productivity and brand position within the market for new customer acquisition.

FIGURE 7

“What are the downstream business impacts from incorporating customer behavioral signal data and intelligence into your organization’s marketing strategy?”



Base: 1,203 global decision-makers in charge of customer engagement/retention strategy

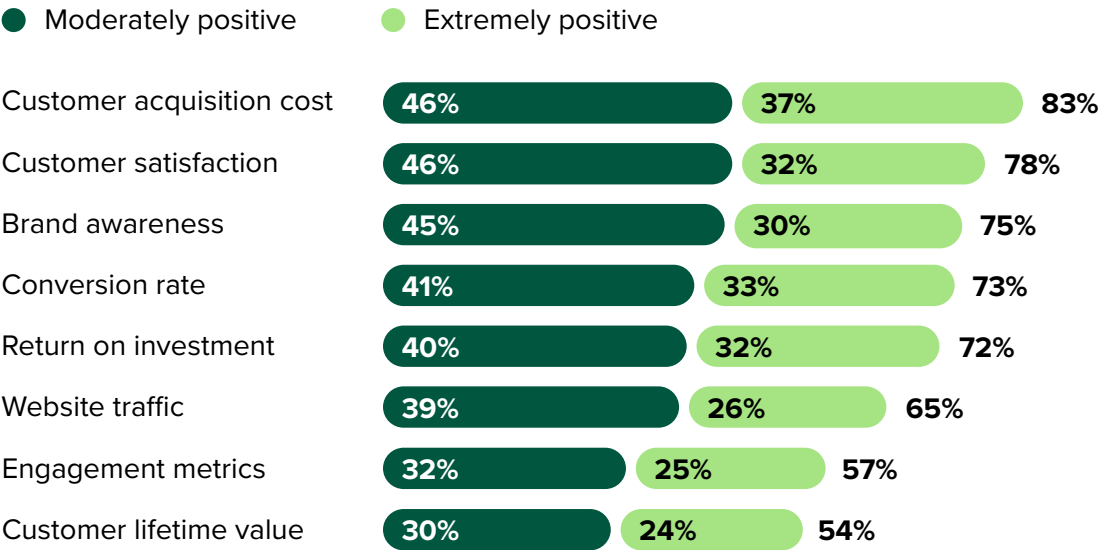
Source: A commissioned study conducted by Forrester Consulting on behalf of Acoustic, January 2024

- **Incorporating customer behavioral data into marketing will have a positive impact on key success metrics.** Organizations can expect more than just the macro business benefits from incorporating behavioral signals into marketing. According to our respondents, they can expect positive impacts on metrics like customer acquisition costs (83%), customer

satisfaction (78%), brand awareness (75%), conversion rates (73%), and ROI (72%) (see Figure 8). The investment brands make in incorporating behavioral signals as a valuable part of their customer engagement strategy will be offset by a reduction in the cost of customer retention and an increase in awareness, general sales, and ROI for marketing programs.

FIGURE 8

“Please rate the expected impact that incorporating insights from customer behavioral signals into your organization’s marketing would have on its marketing success metrics.”



Base: 1,203 global decision-makers in charge of customer engagement/retention strategy
Note: Total percentages may not equal separate values due to rounding.
Source: A commissioned study conducted by Forrester Consulting on behalf of Acoustic, January 2024

- **Some companies will benefit more than others from behavioral signal strategy adoption.** The respondents from small and midsize firms had better integration with their point solutions, but 49% struggled with collecting and 31% with analyzing signal data. Enterprise respondents said they could easily act on customer signals, but the signals weren’t as well-integrated. These businesses should focus on integrating their tools and infrastructure to make the most of their current data.

Key Recommendations

Forrester's in-depth survey of 1,203 customer engagement and retention strategy decision-makers about applications of first-party customer behavior data is a source for several important recommendations:

Prioritize high-value applications of customer behavior data for early wins.

Attempting to deploy customer behavior data across the marketing process and customer lifecycle can easily overwhelm resources and lead to gridlock. Marketing leaders must document the use cases for customer behavior data and assign a value to each application. They can then develop a plan to utilize the data over time, given their resource and timing constraints, and then prioritize high-impact applications first.

Incorporate behavioral data to gain more visibility into the customer journey.

Limiting the use of first-party behavioral data to the early stages of the sales cycle and customer journey indicates a gap in capturing the comprehensive signals necessary for impactful marketing. Marketers must adopt a holistic strategy to trace the clues left by customers interacting with the company's website and mobile apps. By focusing not only on historical behaviors but also on real-time, timely signals, marketers can consistently refine their understanding of customer intent through the buying journey.

Maximize the use of behavioral data by aiming for actionable intelligence and enhanced reporting.

Collecting data isn't enough: Marketers must be able to transform it into actionable and reportable insights. Data lacks value for marketers if they don't have the ability to act on it, whether for improving ROI reporting, refining segmentations, or scaling personalization efforts. Marketers should pursue tools that enable them to capture, analyze, and act on comprehensive behavioral data that reveals customer intent and propensity and predicts their behavior.

Appendix A: Methodology

In this study, Forrester conducted an online survey of 1,203 customer engagement decision-makers at organizations in North America, EMEA, Asia Pacific, and Latin America to evaluate the collection and use of customer behavioral data in marketing and customer engagement strategies. Survey participants included decision-makers in multiple departments. Questions provided to the participants asked about their current customer behavioral data strategy. Respondents were offered a small incentive as a thank-you for time spent on the survey. The study began and was completed in January 2024.

Appendix B: Demographics/Data

GEOGRAPHY		INDUSTRIES		REVENUE	
US	25%	Retail/e-commerce	18%	\$2B or more	10%
Canada	10%	Financial services	17%	\$1B to \$1.99B	10%
UK	5%	Travel and hospitality	15%	\$500M to \$999.9M	23%
India	5%	Healthcare	12%	\$400M to \$499M	18%
Spain	5%	Energy, utilities, and/or waste management	10%	\$300M to \$299M	17%
Italy	5%			\$200M to \$299M	15%
Chile	5%	Insurance	10%	\$100M to \$199M	3%
Nordics: Denmark, Norway, Sweden	5%	Media and/or leisure	6%	\$2M to \$99M	3%
Mexico	5%	Education	6%	DEPARTMENT	
Benelux: Luxembourg, Belgium, Netherlands	5%	Telecommunications services	4%		
Argentina	5%	Nonprofit	1%		
Germany	5%	ROLE			
France	5%	Manager	17%	Marketing	90%
Singapore	4%	Director	43%	Customer insights/ analytics	5%
Australia	4%	Vice president	30%	IT	3%
New Zealand	1%	C-level executive	10%	Customer experience and support	2%

Note: Percentages may not total 100 due to rounding.

Appendix C: Supplemental Material

RELATED FORRESTER RESEARCH

[The Forrester Wave™: Critical Event Management Platforms, Q4 2023](#), Forrester Research, Inc., December 5, 2023

[The Cross-Channel Marketing Hubs Landscape, Q1 2023](#), Forrester Research, Inc., February 13, 2023

[Look Beyond The Hype To Evolve Martech With AI](#), Forrester Research, Inc., December 21, 2023

[A Reference Guide For Assembling Your Martech Ecosystem](#), Forrester Research, Inc., December 22, 2022

[The Future Of Marketing Technology](#), Forrester Research, Inc., March 7, 2024

The background is a solid green color with a complex, abstract pattern of flowing, layered, and wavy shapes that create a sense of depth and movement, resembling liquid or paper folds.

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