



Digital Product Analytics: A Game Changer for Better Business Outcomes

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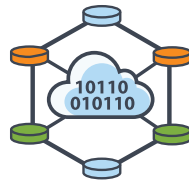


Navigating This InfoBrief

Click on titles or page numbers to navigate to each section.

In This InfoBrief	3
Customer Demands and Their Repercussions Are a Critical Business Issue Today	4
Companies Are Responding by Making Customer Satisfaction a Top Priority.....	5
Leading Digital Product Companies Are Increasingly Using Digital Analytics Tools and Processes to Achieve Better Business Outcomes	6
Data and Analytics Maturity Drives Business Outcome Improvements.....	7
All Organizations Have a Focus on Data, Metrics, and Experimentation.....	8
But Leaders Assemble and Analyze Data Fast to Make Digital Product Decisions	9
Top 5 Benefits of Digital Product Analytics, Culture, and Processes	10
The Path to Data Maturity and Better Business Outcomes.....	11
Conclusion	13
About the Analyst.....	14
Message from the Sponsor	15

In This InfoBrief



This InfoBrief highlights data findings from an IDC study of digital experience decision makers, which IDC conducted in the spring of 2022 to gain a deeper understanding of the maturity levels regarding the adoption and use of digital product analytics technology, along with culture and practices.



The 626 survey respondents were from organizations in the United States, Canada, and the United Kingdom that sell a digital product or service, sell products or services via their own branded ecommerce site, or both. Respondents were in various management levels and organizational roles and were familiar with digital product analytics applications and the teams using these applications.



The Complete findings and analysis of the data may be found in the IDC White Paper, [*How Data Maturity and Product Analytics Improve Digital Experiences and Business Outcomes*](#) sponsored by Heap Analytics.

Customer Demands and Their Repercussions Are a Critical Business Issue Today

- ▶ The increase in online shopping due to the pandemic has meant that **more customers are interacting with brands through digital channels.**
- ▶ The rise of mobile commerce has led to **customers' expecting a consistent experience across all devices.**
- ▶ The growth of new social media channels means **customers have large platforms on which to voice their opinions about brands.**
- ▶ The rise of new technologies such as artificial intelligence (AI) has led to **customers' expecting more personalized experiences.**
- ▶ The increase in competition from digital-native companies has led to **established brands' needing to differentiate their digital products.**



Companies Are Responding by Making Customer Satisfaction a Top Priority

- ▶ IDC asked executives about their current top business priorities: Customer satisfaction (CX) ranked second globally and only 20 basis points (bps) lower than operational efficiency.

- ▶ CX ranked first in North America and second in Europe, the Middle East, and Africa (EMEA).



Top 3 Business Priorities:

1. Operational efficiency



2. Customer satisfaction (CX)



3. Sustainability



Source: IDC's *Future Enterprise Resiliency & Spending Survey* — Wave 5, June 2022

Leading Digital Product Companies Are Increasingly Using Digital Analytics Tools and Processes to Achieve Better Business Outcomes

The most digitally mature companies are responding with digital tools to achieve greater revenue, faster time to market, and increased customer satisfaction.

2.5x

Leaders see business outcome improvements that are, on average, **2.5 times greater** than lagging organizations' across the top 6 of 12 business outcomes reported by survey respondents.

3.2x

The maturity gap for business outcomes is largest when comparing improvements in revenue outcomes — **3.2 times greater** revenue improvement for leaders versus laggards.

2.4x

Leaders also experience **2.4 times the improvement** in both NPS scores and profits.

Data and Analytics Maturity Drives Business Outcome Improvements

This chart shows the improvement percentages in the top 6 business outcome metrics experienced by leaders, compared with lagging organizations over the past two years, and the percentage increases in the business outcome metrics.

Top 3 Most Improved Business Outcomes for Leaders:



Business Outcome Improvements with Data and Analytics Maturity

Q: How much has your organization improved each of these business outcome metrics as a result of investments in teams responsible for digital products or experiences over the past two years? (Top 6 of 12 responses ranked by improvement percentage of leaders compared with lagging organizations)

Business Outcome Improvements	Lagging Organizations' Improvement %	Leaders' Improvement %	Improvement: Leaders Versus Lagging
Revenue	12.7%	40.3%	3.2x
Shorter time to market for new products and services	17.0%	45.8%	2.7x
Customer satisfaction/loyalty (NPS)	19.4%	47.1%	2.4x
Profit	19.7%	46.8%	2.4x
Improved operational efficiency	21.9%	51.4%	2.4x
Employee productivity	22.4%	49.3%	2.2x
Overall	—	—	2.5x

n = 622, Source: IDC's Digital Product Analytics Maturity Study, May 2022

All Organizations Have a Focus on Data, Metrics, and Experimentation...



IDC sought to determine the degree to which data informed decision-making in respondents’ organizations.

Respondents were asked if they agreed with a list of statements associated with the teams that are responsible for digital products or experiences.



The top 3 responses show that these organizations have a high degree of focus on data, metrics, and experimentation.

Level of Data-Driven Decision Making

Q: How much do you agree or disagree that each of these statements applies to teams responsible for digital products or experiences that you lead or are familiar with? (Top 3 responses shown across all respondents)

Statements	Percentage Agree
Supporting data and data-based metrics are required for most all road map decisions	91.7%
There is a culture of using data and data-based metrics to challenge assumptions	90.3%
Project success is largely judged on whether project delivery timelines are met	89.5%

n = 622, Source: IDC’s Digital Product Analytics Maturity Study, May 2022
Note: Percentage Agree includes respondents answering *strongly agree*, *agree*, or *slightly agree*

Source: IDC’s Digital Product Analytics Maturity Study, May 2022

...But Leaders Assemble and Analyze Data Fast to Make Digital Product Decisions



Leaders can gather and analyze data in minutes or hours, while lagging and evolving organizations may take days, weeks, or even longer (see chart).

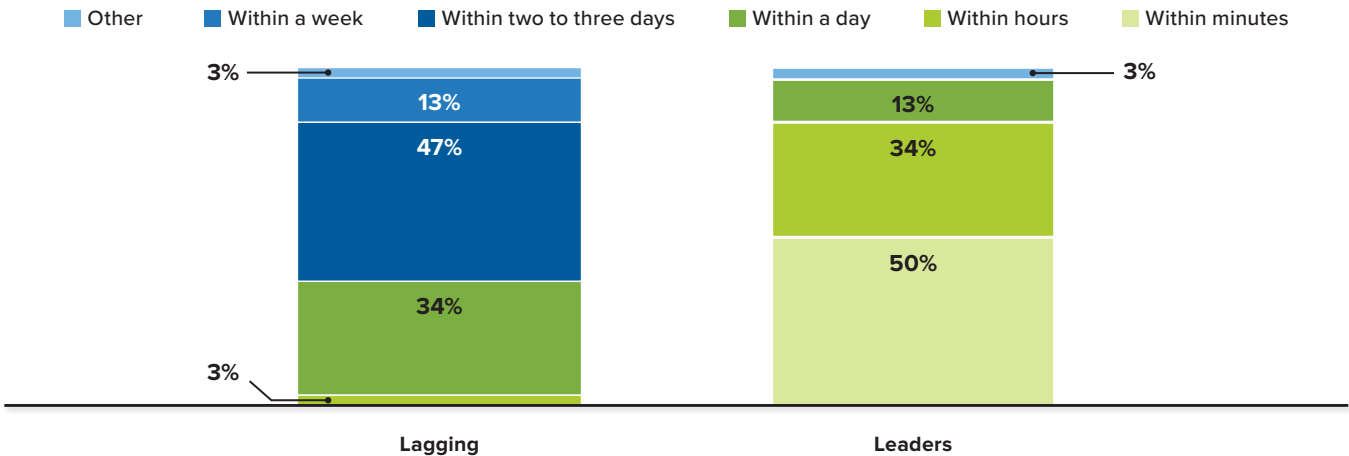


The difference is critical: Organizations with fast access to answers create a ripple effect, driving a more data-informed culture and improved customer experience.

Time to Assemble and Analyze Data for Digital Product Decisions

(% of respondents)

Q: When questions about the performance of digital products or experiences require analytics, how quickly are teams responsible for digital products or experiences generally able to answer them?



n = 622, Source: IDC's Digital Product Analytics Maturity Study, May 2022

Top 5 Benefits of Digital Product Analytics, Culture, and Processes

▶ Improved customer experience

A deep understanding of how customers interact with digital products includes which features are being used, which pages are being visited, and what journeys customers are taking. With this data, teams can identify areas of the product that are being underutilized and make changes to improve engagement.

▶ Reduced customer churn

By understanding the reasons behind customer churn, companies can make changes to their products to improve retention. Leaders reported they achieved their user retention KPI metric target 85% of the time over the past two years, thereby reducing churn.

▶ Increased online sales

Sales, marketing, and digital commerce teams need to have a deep understanding of what products are being viewed and purchased online. Armed with this data, they can identify trends and make AI-driven recommendations to customers through a variety of channels.

▶ Improved customer satisfaction

By constantly monitoring customer satisfaction, companies can make changes to their digital products to ensure that customers are happy and continue to do business with them. Leaders have improved their customer satisfaction KPI metric target by 47.1% over the last two years, 2.4 times higher than lagging organizations.

▶ Reduced operational costs

Automating customer engagement tasks can help companies lower costs. Automation data can be used to create plans that will minimize the costs of customer engagement. Leaders reported improved operational cost KPI metric targets by 37% over the last two years, 2.1 times higher than lagging organizations.

The Path to Data Maturity and Better Business Outcomes

Lagging organizations should take the following steps to increase their maturity level and realize the benefits of digital product analytics:

- ▶ **Create a culture of learning from experimentation.**

Only 23% of lagging organizations agree or strongly agree that there is a culture of using data to challenge assumptions, compared with 95% of leader organizations.

- ▶ **Use analytic tools and automation.**

Leaders have fully automated three critical data-related processes (data validation, data access policies, and dataset management) by 80% on average, while lagging organizations have fully automated the same data-related processes at 3% on average. Data validation is perhaps the most critical process of the three. Automating data validation can help improve the accuracy of data and reduce the time needed to validate data.

- ▶ **Leverage data to personalize the user experience.**

Customer journey data helps deliver personalization that is more relevant and frictionless, which improves customer experience. In the lagging maturity segment, only 29% of organizations use customer data to personalize experiences, compared with 68% of leader organizations.

The Path to Data Maturity and Better Business Outcomes (continued)

Lagging organizations should take the following steps to increase their maturity level and realize the benefits of digital product analytics:

- ▶ **Centralize data.**

Centralizing data is an area of opportunity. Only 31.5% of all organizations centralize the three types of data — users, page views, and content downloads — used by multiple teams. On average, only 11.6% of all organizations indicated that all three types of data are gathered into a centralized “single source of truth” repository.

- ▶ **Monitor customer experience.**

Customer experience must be measured as a business outcome. In our study, customer satisfaction/loyalty (NPS) was the second-highest-ranked business outcome of 12 selections across all organizations. Understanding how customers interact with digital products lets teams identify areas of friction and opportunity, then make key changes to improve the digital customer experience.



Conclusion

Digital product analytics can help organizations in a number of ways, including by reducing operational costs, increasing marketing ROI, and improving the customer experience. However, there are several challenges that organizations face when adopting digital product analytics, such as data access issues, lack of expert knowledge, not fully leveraging available customer journey data, and not using other capabilities like session replay and voice of the customer (VoC) data to improve digital experiences.

Organizations can overcome these challenges and realize the benefits of digital product analytics by following a road map that includes the following steps:

1. Making sure they collect and access all of the data they need, leveraging data to personalize the user experience.
2. Using technology that allows teams to quickly answer questions about performance, and using automation for data validation, data access policies, and data set management.
3. Creating a culture of learning from experimentation and having formal training processes for new team members.



By following these steps, organizations can realize the full benefits of digital product analytics and improve revenue and customer satisfaction and increase efficiency.

About the Analyst



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David Wallace is research director for the Customer Intelligence and Analytics market and a member of the Customer Experience Management Group at IDC. David covers market trends in technology, data, business processes, and business models that firms utilize to gain insights from interactions to improve customer experience, which delivers a better business bottom line for brands. His research includes customer intelligence analytical applications as well as AI and advanced analytics, analytic data integration, and customer data platforms used by firms to improve customer insights, interactions, and journeys across all digital touch points.

[More about David Wallace](#)

Message from the Sponsor

Heap's digital insights platform empowers fast-moving teams to quickly understand and improve digital customer experiences. Only Heap delivers a comprehensive digital analytics solution surfacing the most complete data set, backed by natively integrated data science and the power of integrated quantitative and qualitative analytics. With Heap, teams will know every action by every user on their product or site so they can make decisions based on evidence, not opinion, that will provide the most impactful improvements to their business.

[Click here to download the full White Paper.](#)

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