



How Data Maturity and Product Analytics Improve Digital Experiences and Business Outcomes

RESEARCH BY:



David Wallace
Research Director, Customer
Intelligence and Analytics, IDC



Table of Contents

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

In This White Paper	3
Methodology	4
Situation Overview	5
Customer Expectations Are Shifting	6
Key Customer Experience Priorities to Consider	6
Leading Organizations Achieve Greater Business Outcome Improvements	7
Use of Tools Across the Maturity Spectrum	10
Benefits of Applying Digital Product Analytics, Culture, and Processes	11
Challenges of Analyzing the Digital Customer Experience	13
Data Maturity and Business Outcomes	19
Steps to Improve Data Maturity	21
Create a Culture of Learning from Experimentation	21
Make Use of Tooling and Automation	24
Leverage Data to Personalize the User Experience	26
Centralize Data	26
Monitor Customer Experience	26
Conclusion	27
Message from the Sponsor	28
About the Analyst	29



In This White Paper

As we assess the global business environment in the latter half of 2022, perhaps the best single word that describes the state of play is *uncertainty*. Planning for uncertainties is a significant part of what we, as business executives and individuals, do on a daily basis. In times of uncertainty, brands realize they must work even harder to retain customers and deepen relationships by delivering value and empathy at scale. As we analyze our uncertainties, we can take comfort and guidance from management guru Peter Drucker, who wrote that “strategy aims to exploit the new and different opportunities of tomorrow” (*Managing in Turbulent Times*, 1980).

Our research shows that the greatest business opportunities for brands are in digital products and services. In IDC’s most recent annual global CEO survey, 95% of respondents stated that their strategy is digital-first, with 55% reporting that their organizations either moved to digital-first before the pandemic or quickly shifted to digital-first early in the pandemic. Respondents were also asked to select their word of the year, with the top response being *technology* (source: *Worldwide CEO Survey*, IDC, January 2022). IDC forecasts \$1.8 trillion in expected global digital transformation (DX) technology spending this year, expected to grow to \$2.8 trillion in 2025 at a rapid 16.6% compound annual growth rate (CAGR). The spending growth will accelerate the revenue from digital products, services, and experiences to be over 25% of organizations’ total revenue this year. We predict that by 2025, 70% of CEOs of Global 2000 organizations will have a goal of generating at least 40% of total revenues from digital (source: IDC’s *Worldwide Digital Transformation Spending Guide*, V2, 2021).

This white paper is the result of an IDC study that surveyed digital experience decision makers to gain a deeper understanding of the maturity levels that currently exist in the adoption and use of digital product analytics technology, culture, and practices.

Methodology

In May 2022, IDC designed and executed a survey in the United States, Canada, and the United Kingdom targeting digital experience decision makers to study the maturity levels in the adoption and use of digital product analytics technology, along with culture and practices within their organizations. The 626 survey respondents came from organizations that sell a digital product or service, sell products or services via their own branded ecommerce site, or both. Sixty-five percent of the respondents were at the director level or above. Seventy-nine percent described themselves as leaders for digital commerce, product, data and analytics, or digital strategy at their organizations. Eighty-two percent of respondents had leadership responsibility for digital products and experience across their entire organization, or multiple or single business units. Eighty-two percent of respondents also had expert or strong knowledge about the needs of digital products or experiences teams. Respondents came from six industry sectors across six firm-size groups from 51 to 10,000+ employees. IDC analyzed the survey responses and identified four maturity groups (lagging, progressing, advancing, and leaders), and ranked the responses from lowest to highest maturity level.

Note: some charts may not equal 100% due to rounding.

Situation Overview

IDC's most recent monthly global survey asked executives about their current top business priorities (see **Table 1**). Customer satisfaction (CX) had ranked first in 14 consecutive monthly survey waves; however, operational efficiency moved up to the top spot in this wave, reflecting the need for increased efficiency to address inflation, recession fears, and continued global supply chain concerns across many industries. CX ranked second globally and only 20 basis points (bps) lower than operational efficiency. CX ranked first in North America and second in EMEA, only 40 bps lower than operational efficiency (source: *Future Enterprise Resiliency & Spending Survey — Wave 5*, IDC, June 2022). It's clear from our research that customer experience remains one of the top business priorities and will remain one of the largest drivers of tech spending on artificial intelligence (AI), analytics and customer data spending (including digital product analytics applications) for the foreseeable future.

TABLE 1
Top Business Priorities

Priority	What are your organization's top 3 business priorities?
1	Operational efficiency
2	Customer satisfaction/CX
3	Sustainability
4	Profits
5	Employee productivity
6	Revenue
7	Innovation
8	Cost savings
9	Business agility
10	Business resilience
11	Less business risk
12	Less time to market

n = 832, Source: IDC's *Future Enterprise Resiliency & Spending Survey - Wave 5*, June 2022

Customer Expectations Are Shifting

Changes in customer expectations and behavior have also been driving demand for digital product analytics:

- 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 has given customers a larger platform to voice their opinions about brands.
- The rise of new technologies has led to customers' expecting more personalized experiences. Amazon's recommendation engine is the most familiar example of this.
- The increase in competition from digital-native companies has led to established brands' needing to differentiate their digital products.

Key Customer Experience Priorities to Consider

The challenges of and opportunities for improving the digital customer experience cut across all channels of customer interactions. The challenge for many companies is to quickly measure, monitor, and improve digital customer engagement while thousands to millions of customers are simultaneously in different points along their own respective digital journey.

Brands need to know:

- What are customers doing in the brand's digital properties (ecommerce sites or digital products)?
- Where do customers focus their attention?
- When and why do customers struggle to complete tasks within a journey?
- What is the optimal way to reduce friction and make the customer interaction most efficient and satisfying?
- What are the most-liked and least-liked features of digital products and services, and why?
- What insights from customer data could help product leaders experiment with and add new features to existing digital products and services or create new digital products and services that may benefit new or existing customers?
- How should their digital experience teams prioritize their time and resources to most improve business outcomes?

- How can digital experience teams ensure they're not missing data on significant parts of the customer journey?
- How can teams create a culture that uses data to achieve better outcomes?
- How can teams best leverage the enormous amount of data at their disposal?

Leading Organizations Achieve Greater Business Outcome Improvements

The IDC Digital Product Analytics Maturity Study uncovered many insights from the survey respondents. While the primary focus of the study was to understand which tools and practices are most correlated with better business outcomes, we also identified interesting overall trends across organizations that use digital product analytics products.

On the whole, leaders that best leverage digital analytics tools and processes enjoy greater improvement in business outcomes than lagging and progressing organizations. 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. The maturity gap for business outcomes is largest when comparing improvements in **revenue outcomes** (3.2 times).

Most of the organizations in our study (82.4%) reported that they leverage data to personalize user experiences and that it was easy or somewhat easy for teams to do so. Leaders were **2.3 times more likely** (96.8%) to report that leveraging data for personalization was easy or somewhat easy than lagging organizations (41.9%). Lagging organizations were more likely to state that leveraging data for personalization was very difficult or somewhat difficult (58.1%).

This insight on the varied degree of difficulty of leveraging data between leader and lagging organizations sets the context to compare business outcomes between the two segments. IDC asked survey respondents to quantify the improvements in a list of business outcome metrics as a result of investments made in the past two years in teams responsible for digital products or experiences. **Table 2** (next page) 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.

Digital product analytics leaders see 2.5 times' greater business outcomes in their journey relative to lagging organizations.

TABLE 2**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

A particular area of interest in our research was determining the level of data-driven decisions present in the respondents' organizations. We asked survey participants if they agreed with a list of statements associated with the teams that are responsible for digital products or experiences. The top 3 responses from all respondents show that these organizations have a high degree of focus on data, metrics, and judging success by meeting project delivery timelines (see **Table 3**).

TABLE 3**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%

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

We also identified that some survey participants have work to do. The lowest-ranked statements from all participants show that gaps in achieving data-driven decision making still remain, with respondents reporting that data is only used to analyze success (or failure) of major initiatives, that senior executives make decisions based on (presumably) gut instinct with no regard for the data, and that teams that have access to data are not using it for decisions. These organizations must change their ways quickly to survive in the digital-first economy, or else they will quickly lose market share to their more data-driven competitors (see **Table 4**).

TABLE 4
Areas for Improvement in 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? (Bottom 3 responses shown)

Statements	Percentage Agree
Data is only used to measure success or failure of major initiatives	69.6%
Decisions are often driven by the HIPPO (highest paid person) without regard for data	69.0%
Too often, teams are not using the data or analyses made available to them	65.5%

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

When analyzing the survey data, we found that leaders tend to share a number of characteristics.

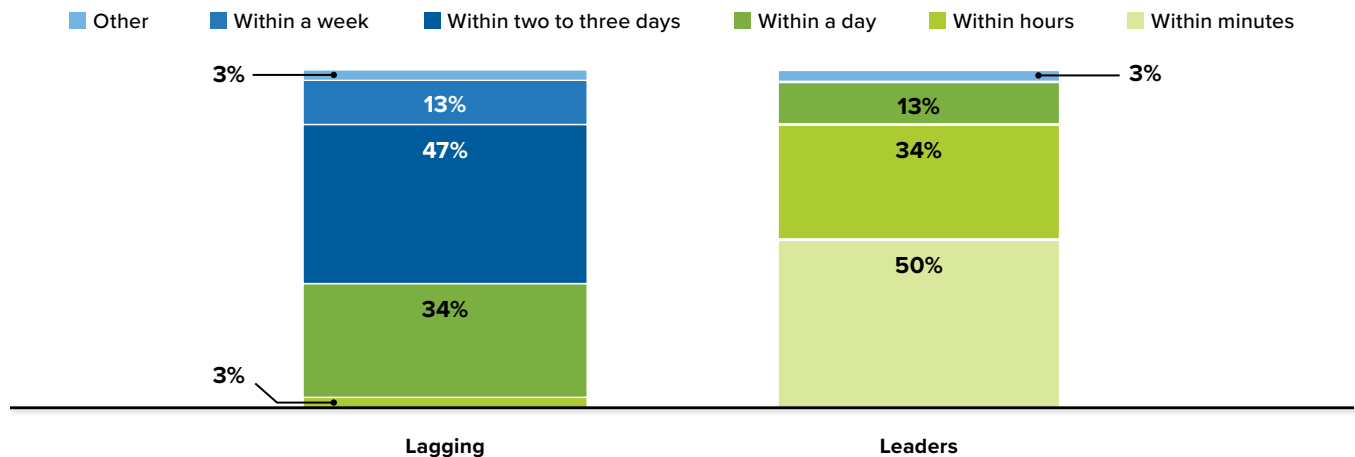
Across verticals and company size, we found that:

- 80.1% of leaders fully automate their data validation, data access policies, and data set management processes, while only 3.2% of lagging organizations fully automate these processes. 72.1% of lagging organizations are using manual processes or basic automation for data validation, data access, and data set management.
- One area in which leaders excel is in quickly assembling and analyzing the data needed to make digital product decisions. Leaders can do this in minutes or hours, while lagging organizations may take days, weeks, or even longer (see **Figure 1**, next page). This difference is critical, as organizations should act as quickly as possible to update and improve digital products and services to maintain and improve customer experience.

FIGURE 1**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

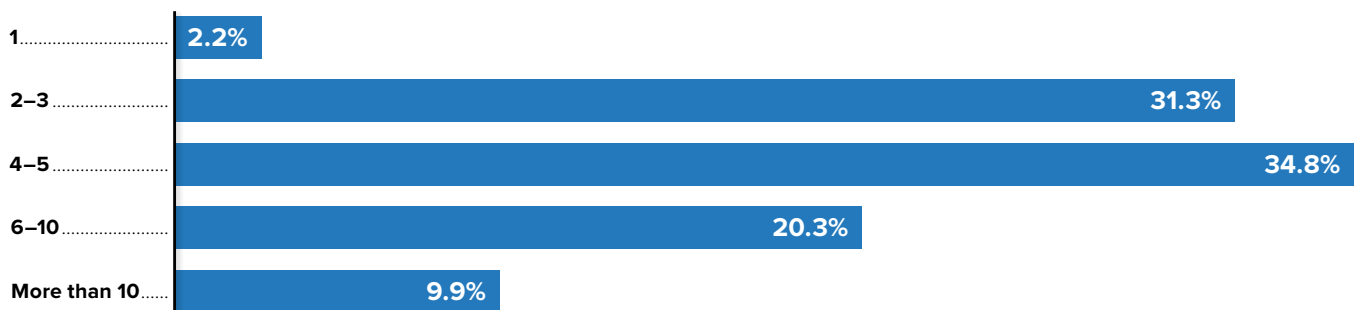
Use of Tools Across the Maturity Spectrum

Another trend in the survey responses was the number of tools used to determine the performance of digital products or experiences by the teams that are responsible for the analysis. While the mean response was 5.0, the total responses were widely dispersed: 30% of respondents reported using six to more than 10 data analysis tools, with 34% using three or fewer tools (see **Figure 2**).

FIGURE 2**Number of Tools Used for Digital Product Analytics**

(% of respondents)

Q: How many different tools or systems are regularly used by teams responsible for digital products or experiences to analyze data required to understand the performance of your digital products or experiences?



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

The wide range of tools in use is likely the result of individual tool selection decisions made over a period of time, which is typical in many organizations. Marketing technology (martech) tools have proliferated in a similar manner, with organizations having more than 30 tools in their martech stack. However, in the case of digital product analytics (or martech) tools, more is not better. In a separate survey, the proliferation of tools used for customer experience was one of the **top 3 challenges** for all organizations engaged in transforming and improving customer experience and was also top 3 for organizations in the most mature segment (source: *Future of Customers and Consumers Survey*, IDC, September 2021). Using a variety of tools, each designed for one or more types of digital customer experience data, is a challenge because each comes with its own unique interface and data requirements.

This leads to multiple areas of inefficiency:

- Cost inefficiency due to multiple subscription and support fees
- Staff inefficiency, by having to train new team members to be proficient and productive analyzing data with multiple tools, resulting in lost productivity
- Time inefficiency, which is the lost time analyzing the data using multiple tools, which slows the actions that need to be put into production to improve customer experience
- Incomplete analyses, due to difficulties aggregating data from multiple tools, leading to challenges discovering problem areas and the best method of solving them.

Improvements to both the efficiency and productivity of product teams can be best accomplished by using a single toolset that can analyze all forms of digital product analytics data using a consistent, easy-to-use graphical user interface. A single, highly graphical toolset can be quickly adopted by new digital product analytics team members who can be enabled to analyze all types of customer data. This approach also reduces the impact of losing essential team members due to attrition who are experts in the use of a specific tool to analyze a specific data type.

Benefits of Applying Digital Product Analytics, Culture, and Processes

The benefits these organizations realize when applying digital product analytics to their products or services include improving customer engagement, reducing customer churn, increasing digital sales, and improving customer satisfaction, while reducing operational costs and increasing marketing ROI.

Improving Customer Experience

Customer experience teams need to have a deep understanding of how customers interact with their digital products. This includes understanding 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. In addition, they can identify areas where customers are getting stuck and make changes to improve the customer experience.

Reducing Customer Churn

Another important outcome of having a deep understanding of customer behavior is the ability to reduce customer churn. Customer churn is a major problem for companies, and it is only getting worse as customers have more choices with nearly zero switching costs. To reduce churn, companies need to be able to identify at-risk customers and understand why they are disengaging. With digital product analytics, teams can track customer behavior and see when there are early warning signs that a customer is at risk of churning. By understanding the reasons behind customer churn, companies can make changes to their products to improve retention. Leaders reported that they achieved their user retention key performance indicator (KPI) metric target 85% of the time over the past two years, thereby reducing churn. Lagging organizations achieved their user retention KPI metric 52% of the time over the past two years, with the 48% gap providing a larger risk of customer churn.

Increasing Online Sales

Digital experience 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. They can also upsell and cross-sell products that complement the ones customers are already interested in, increasing sales. Additionally, by understanding what content is most popular and being consumed by customers, digital experience teams can optimize their approach, often using AI, to increase conversion rates. Conversion ranked as the second-most important product KPI metric of 12 in our study. Leaders reported that they achieved their conversion KPI metric target 74.2% of the time over the last two years, 1.76 times higher than lagging organizations, which achieved their conversion KPI metric target less than half the time (47.3%).

Improving Customer Satisfaction

Customer satisfaction is the key to retention, and it starts with providing a great digital customer experience. Areas of the customer experience that fall short will result in dissatisfied customers who are likely to churn. Digital product analytics can help teams identify areas of the customer experience that need improvement. 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 reported that they improved their customer satisfaction KPI metric target by 47.1% over the last two years, 2.4 times higher than lagging organizations, which improved their customer satisfaction KPI metric target by 19.4%.

Reducing Operational Costs

The operational costs of customer engagement can be significant, and they are only likely to increase as the number of channels and devices increases. Automating customer engagement tasks can help companies reduce these costs. This data can then be used to create automation plans that will minimize the costs of customer engagement. Leaders reported that they improved their operational cost KPI metric target by 37% over the last two years, 2.1 times higher than lagging organizations, which improved their operational cost KPI metric target by 17.4%.

Increasing Marketing ROI

Marketing teams need to understand which channels and campaigns are most effective in order to make the best use of their budget. Digital product analytics can help teams track the performance of their marketing campaigns so that adjustments can be made continually to improve ROI. For example, 66% of survey respondents use analytics to track conversion and retention metrics, which tied for first place in the rankings with analytics to understand the end-to-end customer journey. Further, by understanding which channels customers are using, teams can focus their marketing efforts on the channels that are most likely to result in customer conversion.

Challenges of Analyzing the Digital Customer Experience

While the benefits of digital product analytics are many, organizations face varied challenges in effectively implementing their analytics and data initiatives. These issues arise because digital product analytics involve the collection and analysis of data from multiple sources. This can make it difficult to get a clear picture of the customer journey, identify key touch points, and measure the impact of changes on customer satisfaction. The proliferation of customer-facing channels only exacerbates these challenges.

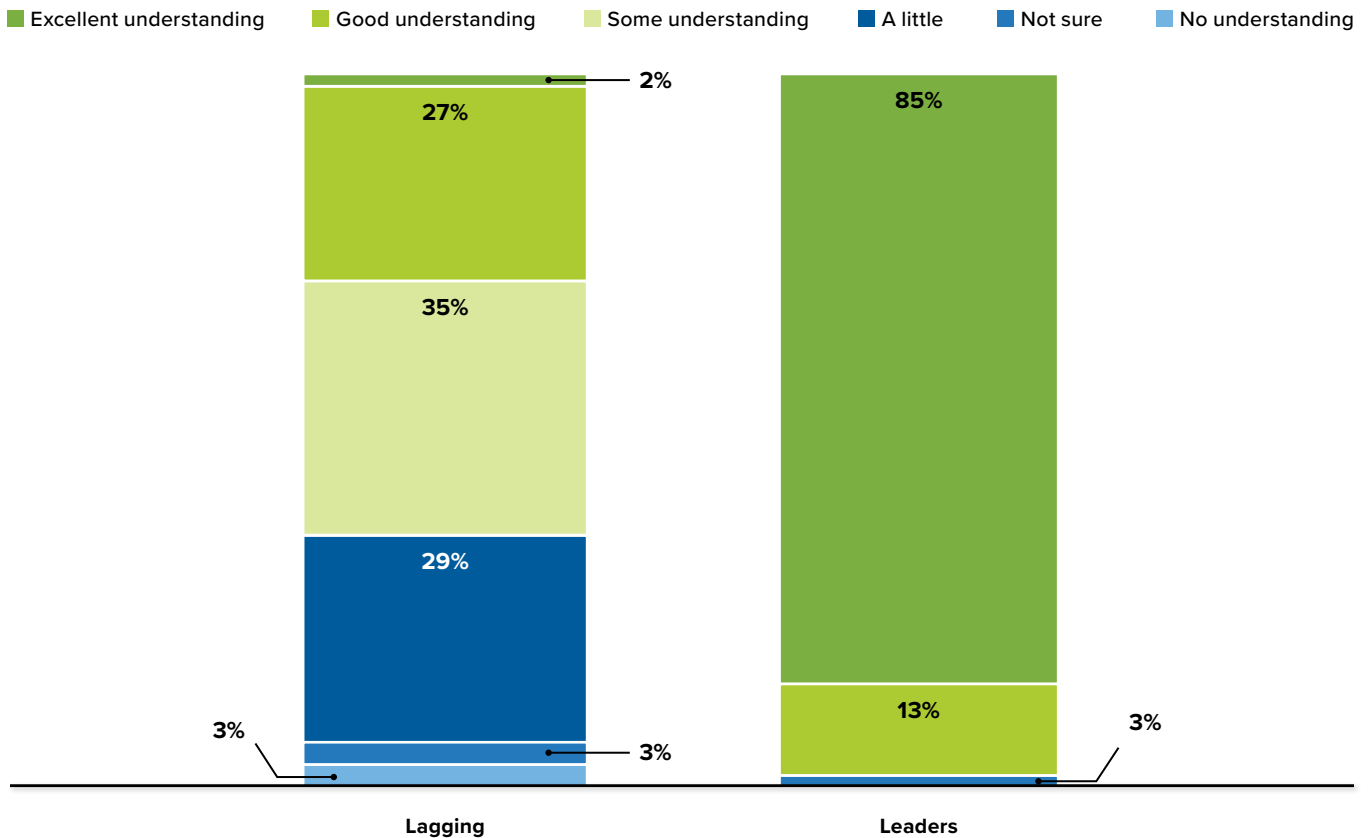
Lack of Customer Journey Data and Capabilities

One of the biggest challenges faced by organizations is the lack of tools to gather data about customers' journeys. This is due in part to the use of legacy systems, the lack of knowledge around customer journey analytics tools and processes, and the difficulty of consolidating data from multiple sources. As a result, many organizations are not able to identify specific areas of friction in the user journey, understand the end-to-end user journey, or track customer outcome metrics. This limits their ability to improve the digital customer experience: 98% of leaders in our survey reported having a good to excellent understanding of customer journey friction points, while only 29% of lagging organizations reported that they have a good to excellent understanding in this area. The significant gap (3.4 times) means lagging organizations are constrained in their capability to have a direct positive impact on the digital customer experience (see **Figure 3**, next page).

FIGURE 3**Points of Friction in User Journeys**

(% of respondents)

Q: How well do teams responsible for digital products or experiences understand points of friction in the user journey?



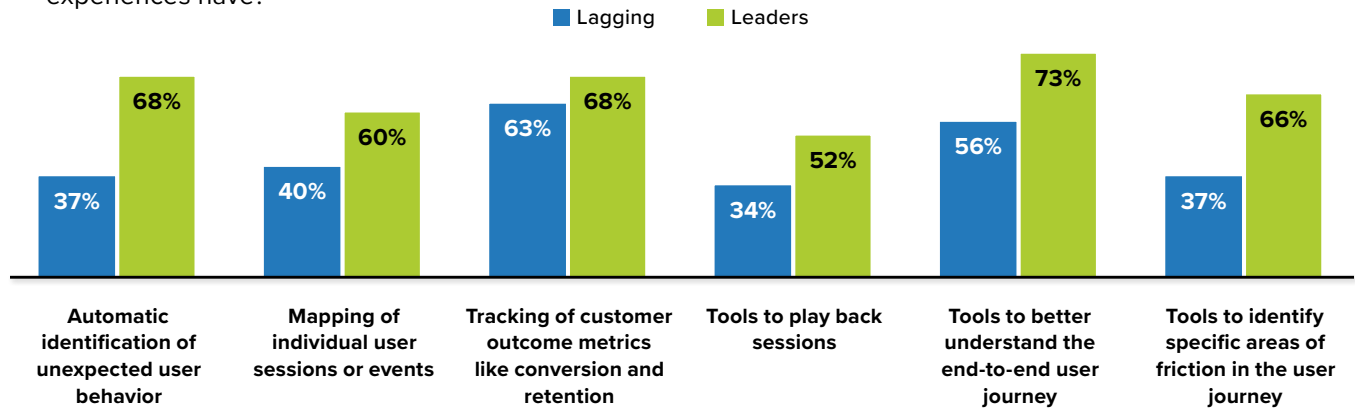
n = 622, Source: IDC's Digital Product Analytics Maturity Study, May 2022

In customer journeys, two capabilities that help organizations improve customer experience are tools to play back sessions (session replay) and automatic identification of unexpected user behavior. Here the gaps between leaders and laggards are significant. When it comes to session replay, 52% of leaders responded that they have this capability, while only 34% of laggards do. For automatic identification of unexpected user behavior, which helps teams identify potential new features or product fixes that should be pushed immediately, 68% of leaders have this capability, a 1.8x gap with laggards, only 37% of whom have this capability (see **Figure 4**, next page).

FIGURE 4
Customer Journey Analytics Capabilities

(% of respondents)

Q: Which of these customer journey analytics capabilities do teams responsible for digital products or experiences have?



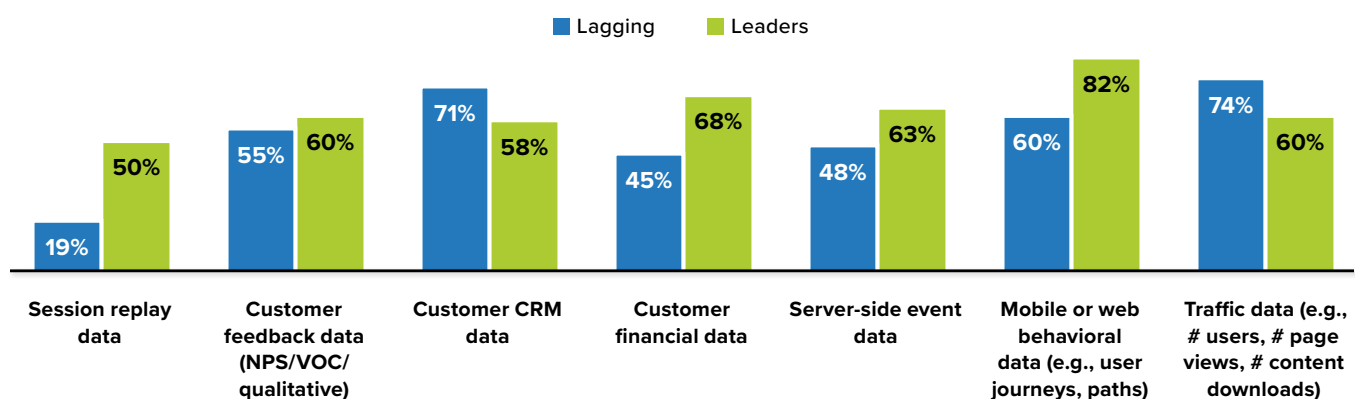
n = 622, Source: IDC's Digital Product Analytics Maturity Study, May 2022

In terms of data available to teams, we found that behavioral data is the most-used data source within the leader segment (82%), scoring 14.6% higher than the second-most-used data type. Leaders use behavioral data 1.4 times more than lagging organizations. Session replay data is used by leaders 2.5 times more than by lagging organizations — the largest delta between the two segments (see **Figure 5**).

FIGURE 5
Data Sources Available to Digital Product Teams

(% of respondents)

Q: Which of these sources of data are readily available to teams responsible for digital products or experiences?



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

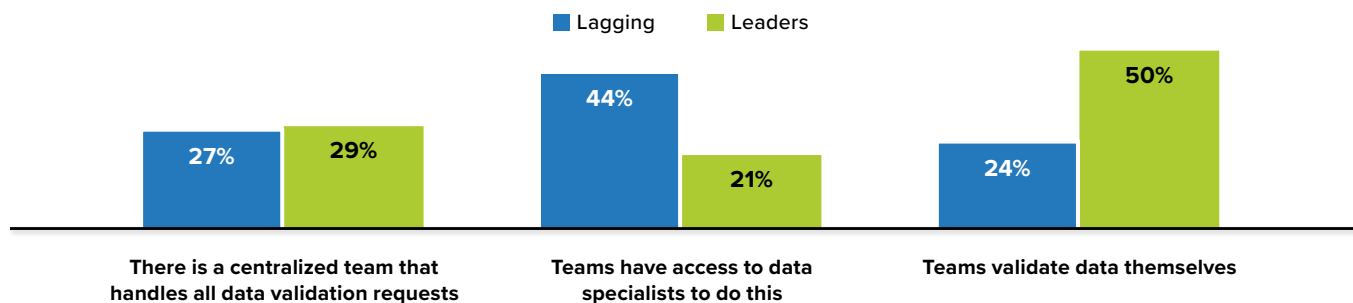
Lack of Product Analytics Software Knowledge

Some customer journey analytics tools are complex, feature-rich, and require a high degree of technical expertise to use effectively. This is compounded by the fact that customer journey data can be difficult to interpret. Therefore, many organizations lack the expert knowledge needed to make use of digital product analytics tools to automate these processes. Organizations can adopt customer journey analytics tools that have a highly intuitive visual design incorporating automation with little or no technical expertise required. These highly intuitive tools deliver higher productivity for product teams overall and, more importantly, reduce the onboarding time for new product team employees who begin with less experience than employees who have been on product teams for a longer period of time. In the area of data validation, 50% of the teams in leader organizations can validate data themselves, compared with 24% of lagging organizations. Forty-four percent of lagging organizations rely on data specialists outside of their teams for data validation, over two times more than leaders (see **Figure 6**).

FIGURE 6
Team Responsible for Data Validation

(% of respondents)

Q: Who validates the data that teams responsible for digital products or experiences work with?



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

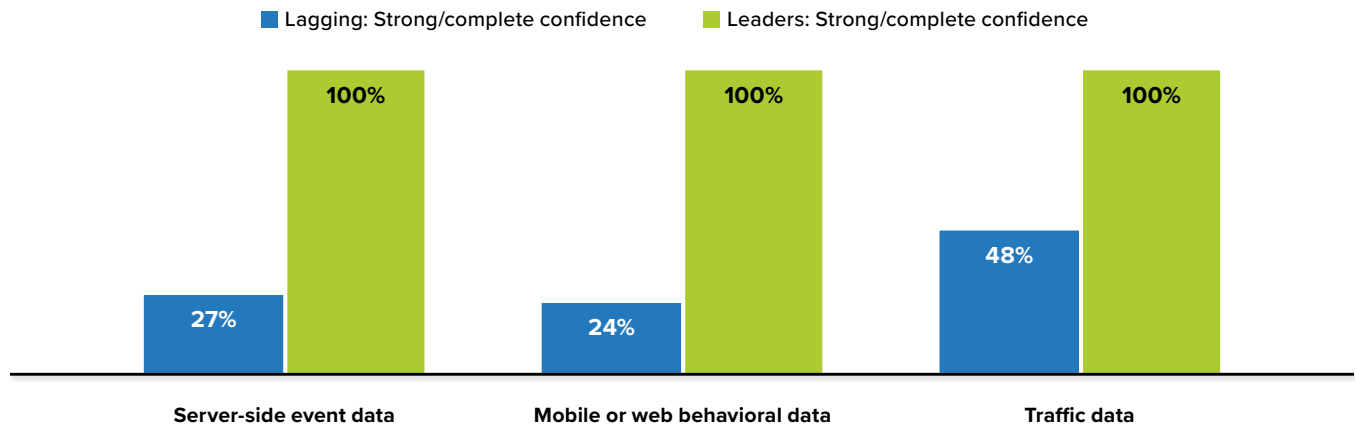
Confidence in Data Quality

There is a large gap in the confidence level of data quality between leaders and lagging organizations. Leaders have complete confidence in the quality of traffic data, mobile or web behavioral data, and server-side event data, while lagging firms do not. **Figure 7** (next page) compares strong to complete confidence levels between the two segments. Leaders have complete (100%) confidence in the quality of their traffic data, mobile or web behavioral data and server-side data, while lagging firms reported low levels of strong or complete confidence in their data for the three listed areas. Lagging firms reported some level of confidence in their data: 52% for traffic data, 70% for mobile or web behavioral data, and 67% for server-side event data.

FIGURE 7**Confidence in Quality of Data**

(% of respondents)

Q: What level of confidence do teams responsible for digital products or experiences have in the quality of these types of data?



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

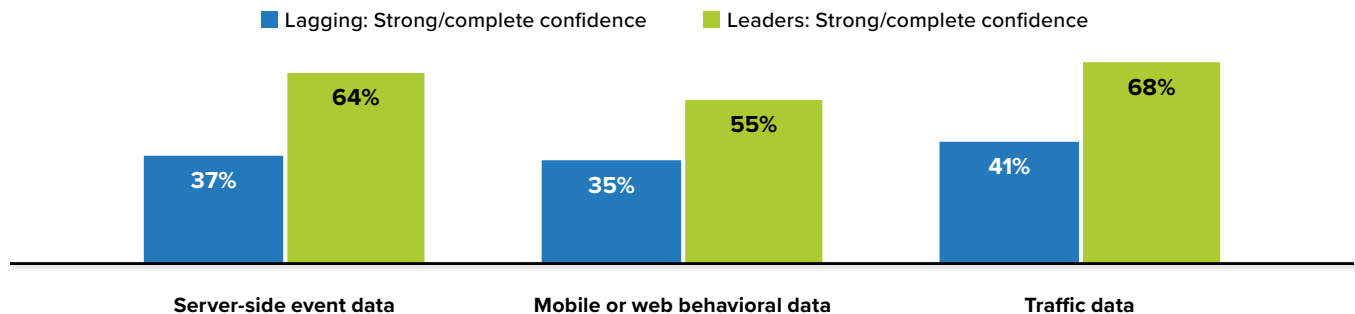
Data Access Issues

Access to data further distinguishes leading firms from laggards. 62% of leaders have strong or complete access to traffic, behavioral, and event data. In contrast, only 38% of lagging organizations have the same strong or complete access. A higher level of access forms an advantage over peers' understanding of customer behavior to improve outcomes (see **Figure 8**).

FIGURE 8**Level of Data Access Available to Digital Product Teams**

(% of respondents)

Q: What level of data access do teams responsible for digital products or experiences have for these types of data?



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

Data access can be improved by having a single source of truth for all products and a centralized data dictionary. Seventy-six percent of leader organizations have a single source of truth, compared with 3% of lagging organizations. And 82% of leader organizations have a centralized data dictionary, compared with 2% of lagging organizations.

Further Challenges

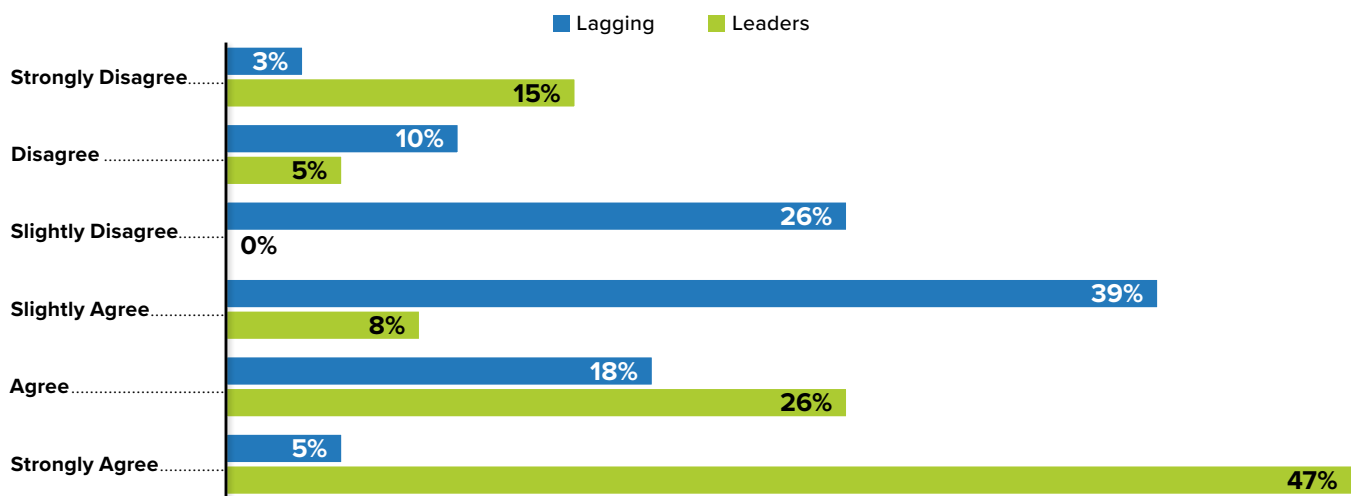
While most leader organizations don't face the same issues with data access, they do face challenges with making use of available data and analyses. Seventy-three percent of leaders "agree" or "strongly agree" that, too often, teams aren't using the data or analyses available to them, compared with just 23% of lagging organizations (see **Figure 9**). This comparison shows that leaders continue to push for continuous improvements in best practices, while lagging organizations are not doing rigorous analysis of actual use of data and/or a lack of management oversight to uncover the fact that short-cuts are being taken including a lack of data-driven decisions being made.

FIGURE 9

Degree to Which Teams Are Not Using the Data Available to Them

(% of respondents)

Q: Too often, teams are not using the data or analyses made available to them. How much do you agree or disagree that this statement applies to teams responsible for digital products or experiences that you lead or are familiar with?



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

A key opportunity for improving customer experience is reducing the number of tools while increasing the use of all available data. Teams responsible for digital products or experiences can reduce the time spent on data analysis by using a customer journey analytics platform that integrates with all available data sources. This platform should

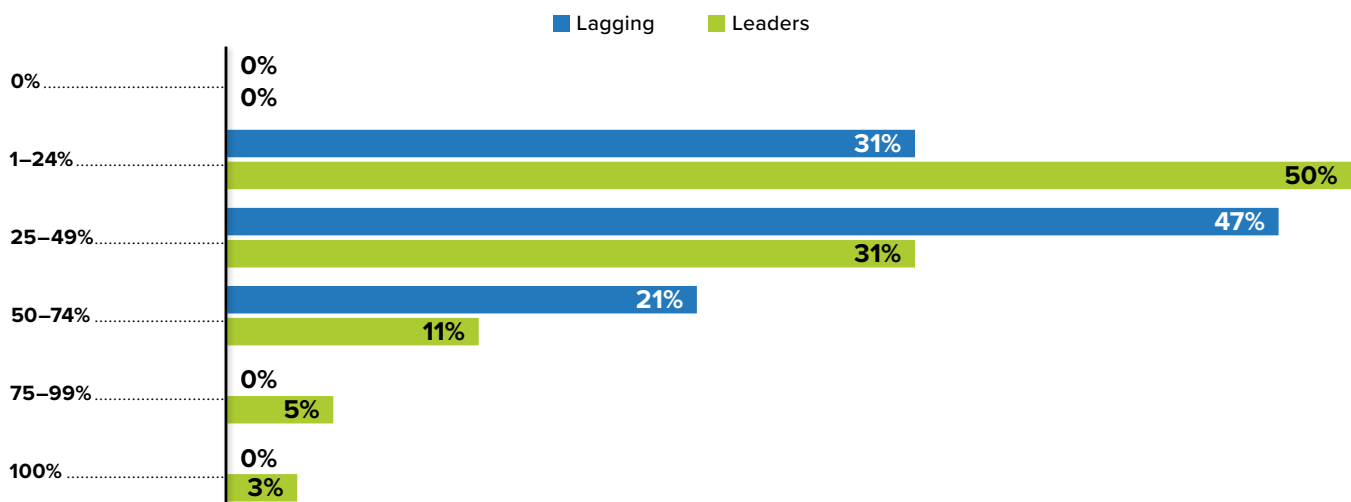
also be easy to use, so that teams can quickly identify and fix issues that impact the customer journey.

Analyzing the myriad data points associated with the digital customer journey is a daunting task, even for the experienced data analyst. The volume and variety of data can be overwhelming, making it difficult to identify what is most important. As such, it is not surprising that teams responsible for digital products or experiences spend a significant portion of their time on data analysis, with respondents reporting they spend an average of 34.6% of their time on analysis (see **Figure 10**). This illustrates the need for efficient tools and processes.

FIGURE 10
Time Spent on Data Analytics

(% of respondents)

Q: On average, what proportion of their time do the members of teams responsible for digital products or experiences spend working on data analysis?



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

Data Maturity and Business Outcomes

The challenges associated with using data to make product decisions have real-world consequences for businesses. These include a lengthened decision-making timeline, difficulty aligning with business goals, and difficulty achieving desired business outcomes.

It takes a long time to answer questions about the performance of digital products or experiences. Eighty-four percent of leaders can answer these questions within minutes or hours, compared with 3% of lagging organizations. This difference is significant, as it takes teams longer to identify and fix problems, leading to a degraded customer experience.

Eighty-four percent of leaders can answer questions about the performance of digital products within minutes or hours.

The challenges faced by businesses also make it difficult to measure the business impact of product analytics. None of the lagging organizations saw “very” strong correlation of analytics to business impact, compared with 80% of leaders. This leaves businesses without the ability to effectively track the ROI of their product analytics initiatives.

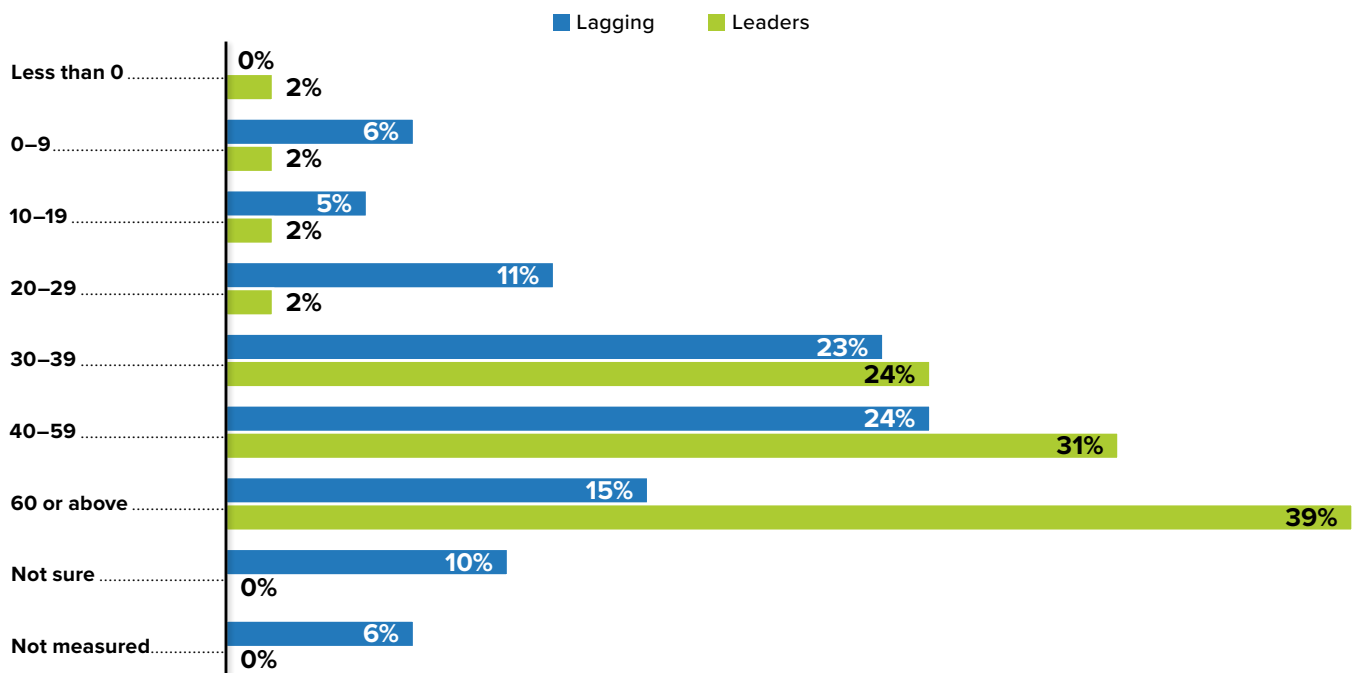
Customer satisfaction also suffers from lower levels of data maturity. Only 15% of lagging organizations have an NPS above 60, compared with 39% of leaders (see **Figure 11**). Further, 16% of lagging firms are “unsure” or haven’t measured NPS, compared with 0% of leaders.

Only 15% of lagging organizations have an NPS above 60, compared with 39% of leader organizations.

FIGURE 11
Net Promoter Score by Maturity

(% of respondents)

Q: What range does your average company NPS score fall into?



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

Beyond NPS, other business outcomes are also negatively impacted. For example, 33% of lagging organizations have failed to meet the majority of adoption and usage KPI targets, such as monthly average users (MAU) and daily average users (DAU), in the last two years. In contrast, just 12% of leader organizations have failed to meet these targets.

Steps to Improve Data Maturity

Lagging organizations face several challenges when it comes to digital product analytics. But this does not mean they are doomed to fail. There is a road map these organizations can follow in order to increase their maturity level and realize the benefits of digital product analytics.

IDC's analysis shows that leader companies are those that have been proactively leveraging automation technologies, using data for personalization, and constantly monitoring customer engagement. These findings help inform the following steps for increasing your data maturity.

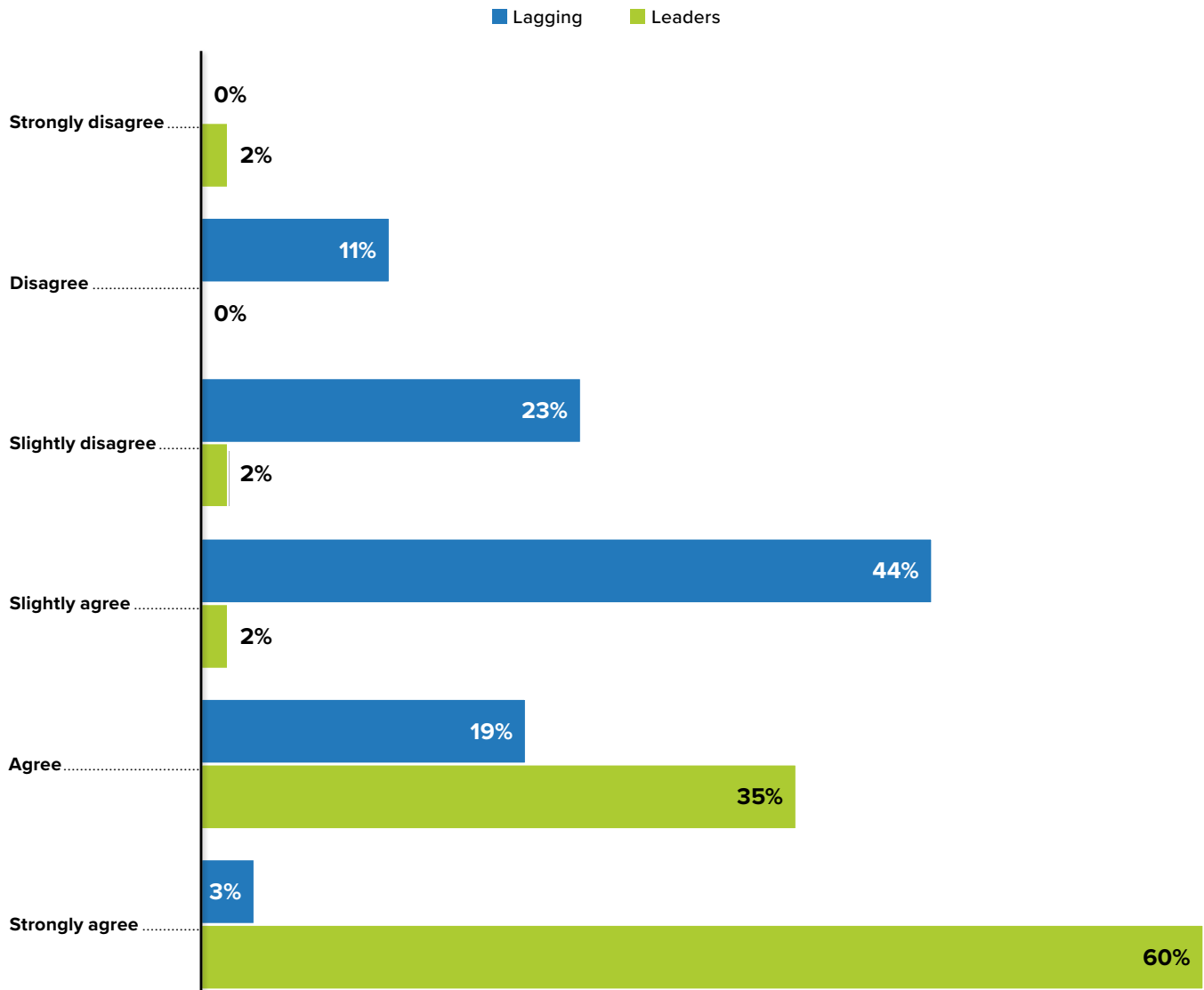
Create a Culture of Learning from Experimentation

Central to this road map is the need for organizations to create a culture of learning from experimentation. This means companies must encourage their teams to experiment with new ideas and technologies and then learn from the results. In fact, 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 (see **Figure 12**, next page).

FIGURE 12**Culture of Using Data to Challenge Assumptions**

(% of respondents)

Q: There is a culture of using data and data-based metrics to challenge assumptions. How much do you agree or disagree that this statement applies to teams responsible for digital products or experiences that you lead or are familiar with?



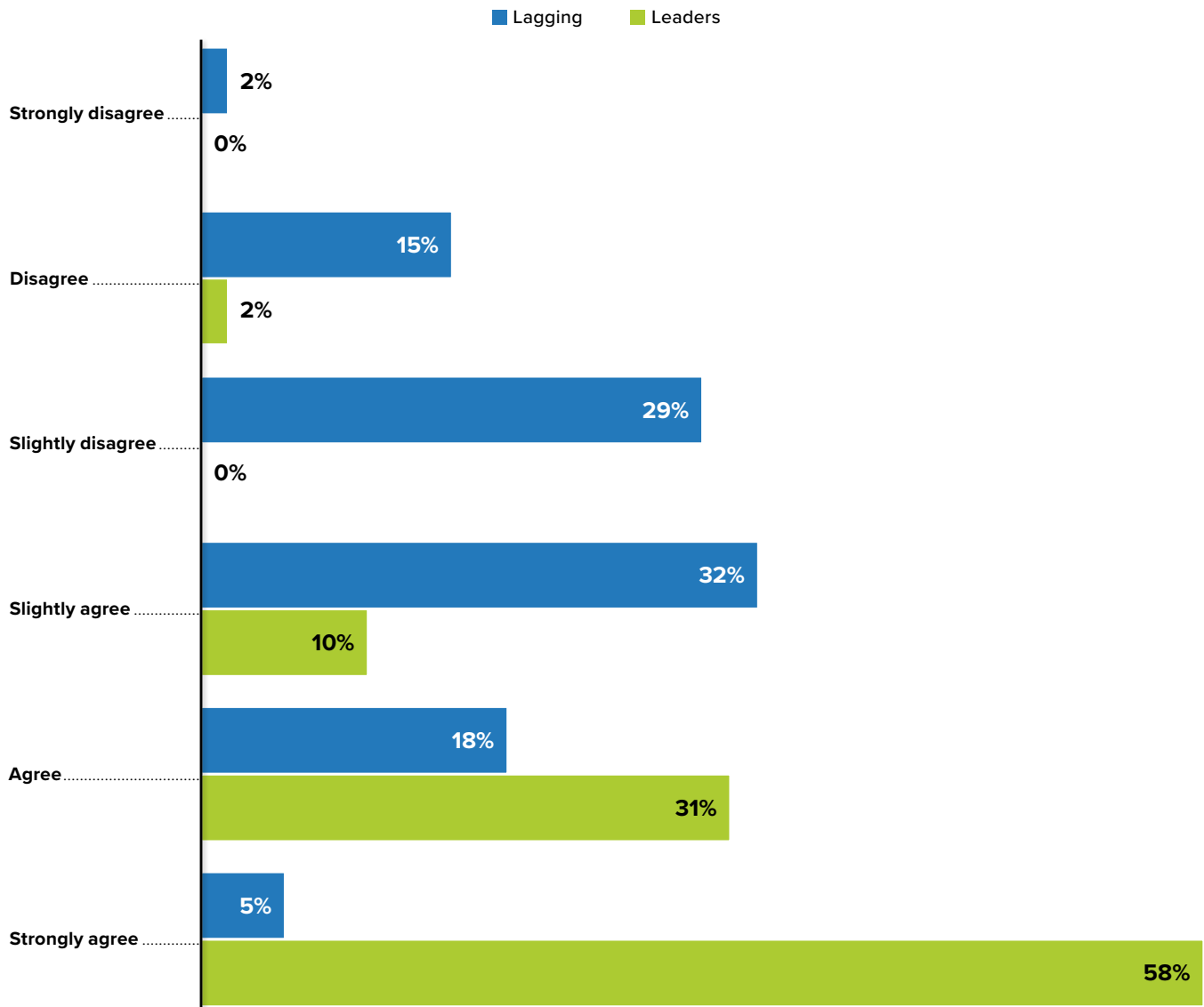
n = 622, Source: IDC's *Digital Product Analytics Maturity Study*, May 2022

Similarly, only 23% of lagging organizations agree or strongly agree that there is a culture of celebrating learning from experimentation, compared with 89% of leader organizations (see **Figure 13**, next page).

FIGURE 13**Organizations that Celebrate Learning from Experimentation**

(% of respondents)

Q: The organization celebrates learning from experimentation — whether it fails or succeeds. How much do you agree or disagree that this statement applies to teams responsible for digital products or experiences that you lead or are familiar with?



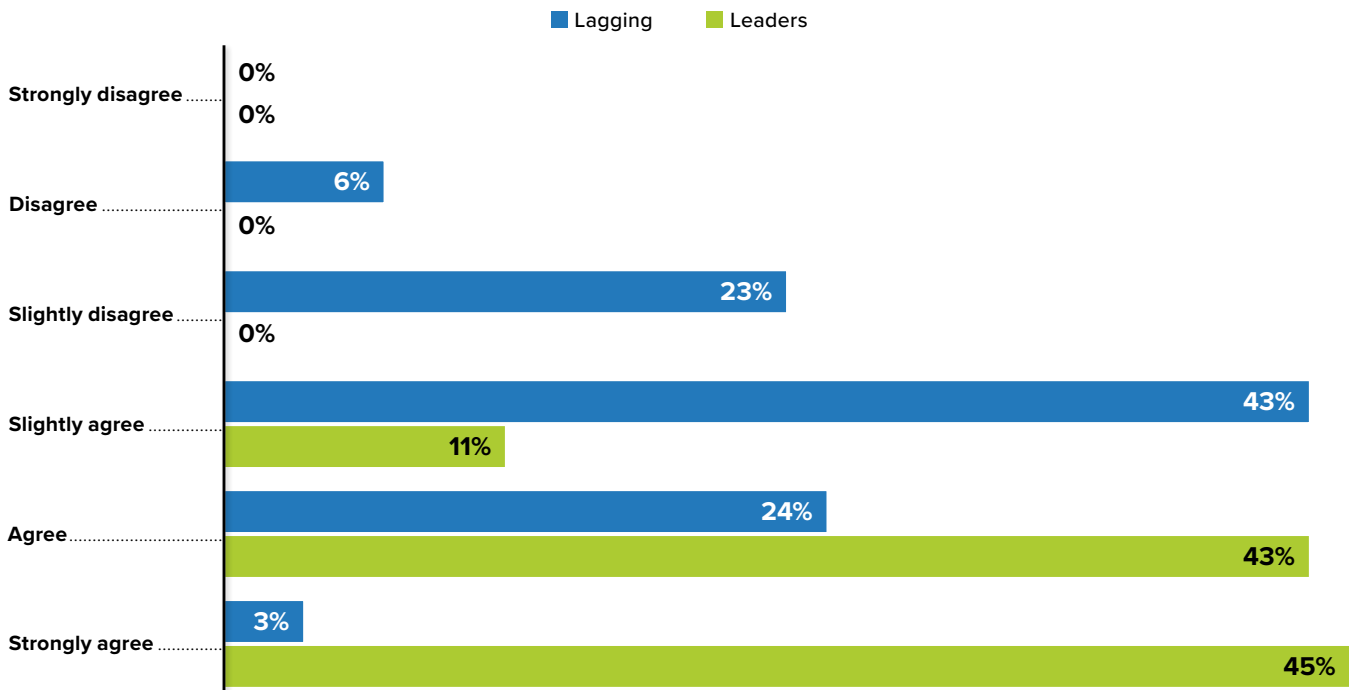
n = 622, Source: IDC's *Digital Product Analytics Maturity Study*, May 2022

More successful teams judge project success by both impact and delivery time frame so they can more effectively deliver business value (see **Figure 14**, next page).

FIGURE 14**Delivery Timelines Used to Judge Project Success**

(% of respondents)

Q: Project success is largely judged on whether project delivery timelines are met. How much do you agree or disagree that this statement applies to teams responsible for digital products or experiences that you lead or are familiar with?



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

In addition, it's important to have formal analytics onboarding and training processes for new digital products or services team members. This will ensure that teams have the knowledge and skills necessary to use customer journey data effectively. However, only 31% of lagging organizations have formal training processes in place, compared with 71% of leaders. This suggests that laggards suffer from a knowledge and productivity gap compared to leaders, who are better set up to train their employees to analyze and use data to improve the digital customer experience.

Only 31% of lagging organizations have formal training processes in place, compared with 71% of leaders. This leads to a knowledge and productivity gap, as new team members in lagging organizations may take a longer period to be fully productive compared with team members in leader organizations.

Make Use of Tooling and Automation

Efficiently analyzing customer journey data requires the use of tooling and technology. Unfortunately, many organizations lack the necessary tooling and technology. Only a minority of lagging organizations use tools to evaluate experiments, assess business impact, create behavior-based segments, or manage application performance. Leader organizations commonly use six to 10 different tools to achieve these objectives,

although as noted earlier in this paper, all organizations, including leaders, can gain efficiencies by standardizing on a single digital analytics toolset that is highly graphical, easy to learn for new team members, and analyzes all needed data types.

In order to stay agile in the face of changing customer expectations, teams need to be able to quickly answer questions about the performance of digital products or experiences. Almost none of the lagging organizations can quickly answer these questions. In contrast, almost all of the leaders have the ability to quickly answer these questions.

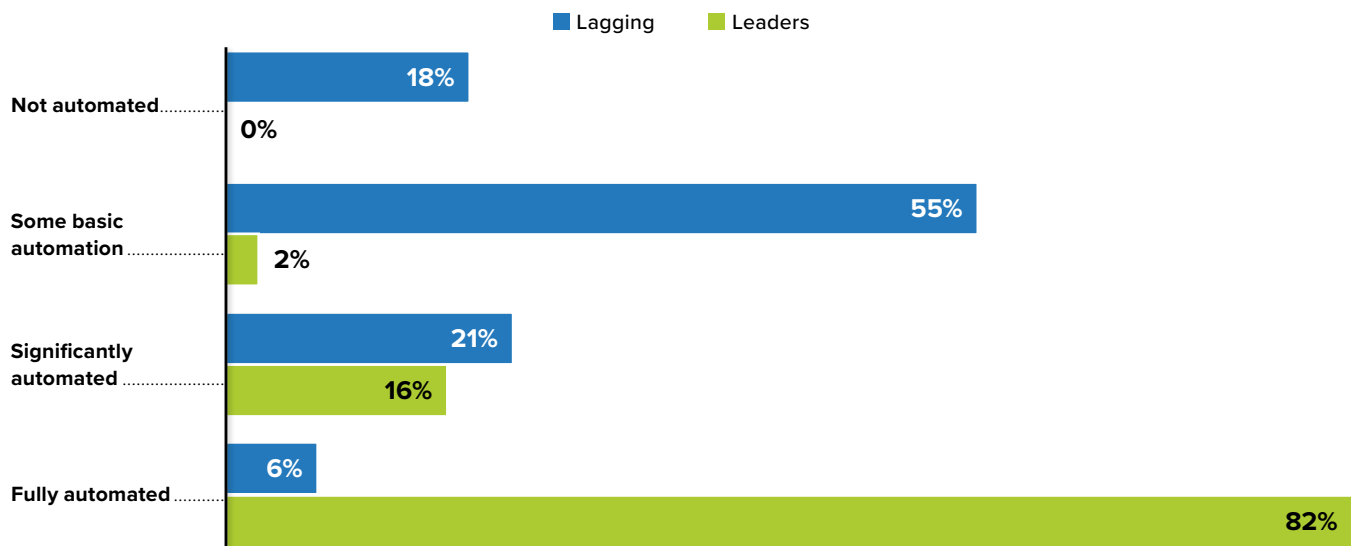
Another technology that can be used to improve digital product analytics is automation. Automation can help organizations reduce the operational costs of customer engagement, as well as increase the accuracy of data collection and analysis. Leaders have fully automated three critical data-related processes (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. Lagging organizations do have some level of automation (54% on average); however, this is still a significant gap that needs to be addressed.

Data validation is perhaps the most critical process of the three but often the most time-consuming task. Automating data validation can help improve the accuracy of data and reduce the time needed to validate data. This is why 82% of leader organizations have fully automated data validation (see **Figure 15**).

FIGURE 15
Level of Automation of Data Validation

(% of respondents)

Q: How automated is the data validation process that teams responsible for digital products or experiences use?



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

Leverage Data to Personalize the User Experience

One of the most important but often overlooked uses for customer journey data is personalization. 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.

Centralize Data

When data is spread across multiple departments and systems, it can be difficult to get a clear picture of the complete customer journey. IDC analyzed responses to three questions related to the collection of traffic data (users, page views, content downloads), mobile and web behavioral data (user journeys, paths), and server-side event data. On average, only 31.5% of organizations responded that the majority of the three types of data are centralized and used by multiple teams. On average, only 11.6% of organizations responded that all of the three types of data are gathered into a centralized “single source of truth” repository, which typically refers to a customer data platform (CDP) that is designed to create unified customer data profiles and eliminate silos of customer data.

The downside to this analysis is that on average, 56.9% of organizations are collecting the majority of all of the three types of data on their own within their digital products or experience teams. This means individual teams are either not sharing data or sharing on an ad hoc basis that does not enable all teams to access all of the customer experience data. In general, this scenario can create data silos, which limit teams from gathering a 360-degree view of the customer, and can reduce the speed at which organizations can respond to friction in the customer journey. Centralizing customer data across digital products or experience teams and with other parts of the organization that are using customer data to improve customer experience (marketing, contact centers, customer service, and sales, among others) should become a high-priority goal for digital product and experience leaders in order to achieve full maturity.

Monitor Customer Experience

Organizations need to constantly monitor customer experience in order to identify issues and opportunities for ongoing improvements as they arise. Digital product analytics can help teams accomplish this by providing insights into customer behavior. Customer experience must also be prioritized as a business outcome. In our study, customer satisfaction/loyalty (NPS) was the second-highest-ranked business outcome of 12 selections, trailing revenue by four percentage points. By understanding how customers interact with digital products, teams can identify areas of friction and opportunity and then make the necessary changes to improve the digital customer experience. Additionally, monitoring customer engagement can help teams identify new opportunities for engagement and growth.

Conclusion

The customer experience has always been important, but it has never been more challenging to provide a completely satisfying customer experience that results in competitive advantage. In order to compete in today's digital landscape, companies need to invest in digital product analytics and change their processes and culture accordingly.

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: making sure they collect and access all of the data they need, leveraging data to personalize the user experience, using technology that allows teams to quickly answer questions about performance, and using automation for data validation, data access policies, and data set management. Additionally, organizations need to create a culture of learning from experimentation and have 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.

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About the Analyst



David Wallace

Research Director, Customer Intelligence and Analytics, IDC

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](#)



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