



# From Data to Action: Profiling the Modern Insights Team

**Medallia**  
INSTITUTE

## WHY THIS MATTERS

To win in today's increasingly customer-driven world, companies must understand their customers' needs and satisfy those needs better than any of their competitors do. Data about customers can provide valuable insights, but to see results, a company must transform insights into well-timed action. Customer insights teams are uniquely positioned to lead this charge, but they must develop new capabilities to influence a company's strategy and the ongoing value it delivers to customers.

This report lays out three capabilities we believe successful customer insights teams need to develop to ensure that their organizations become truly customer-centric.

## KEY FINDINGS

Leading insights teams do more than simply field marketing requests and tally customer data. They take responsibility for driving customer-centered change by:

- **Gaining a deeper understanding of customers faster.** Effective insights teams collect customer feedback from multiple sources and distribute it in real time across the organization. This allows them to understand customers more quickly, stay on top of changing customer expectations, and share those expectations with key decision makers.
- **Using customer data to create company-wide buy-in and drive action.** Effective insights teams don't just aggregate and report data centrally, they analyze it to influence action across the organization. This includes connecting a company's leaders more directly to the experience of their customers and providing employees with widespread access to customer feedback.
- **Serving as partners in innovation.** The best customer insights teams go well beyond reacting to customer feedback. They use their analytic expertise to help businesses identify new ways to enhance the customer experience. As companies adopt faster, more iterative approaches to developing new products and services, insights teams can play a pivotal role in enabling both local experimentation and global learning.



# From Data to Action

To win in a world where customers have more power to share their opinions and experiences with others, companies must understand their needs and satisfy those needs better than any of their competitors do. This requires both data and action.

What separates the winners from the losers in the battle for the customer “is the ability to transform data into insights about consumers’ motivations and to turn those insights into strategy,” according to research reported in a [2016 Harvard Business Review article, “Building an Insights Engine.”](#)<sup>1</sup> The research—which consisted of interviews with 350 executives and online surveys of more than 10,000 practitioners—determined that an independent insights function is an essential feature of any high-performing customer-centric organization.

The study’s findings indicate that leading companies are up-leveling their traditional market research departments, transforming them from service units charged with fielding marketing requests to high-impact insights teams that play a greater role in shaping business strategy. These new insights teams help to improve business

Companies today have lots of data, but it’s what they do with that data—how they act on it—that really makes the difference.

results by using customer feedback and advanced analytics to understand customers faster, spur cross-functional dialogue, align key decision makers, and drive strategic change and innovation across the entire enterprise.<sup>2</sup>

Medallia Institute research supports these conclusions and identifies some of what it takes for an insights engine to fire on all cylinders. We believe that the best insights teams not only shape business strategy, but also drive action across the entire organization. In this report, we provide fact-based, pragmatic guidance to customer experience (CX) leaders trying to build a high-powered insights engine of their own.

<sup>1</sup> Frank van den Driest, Stan Sthanunathan, and Keith Weed, “Building an Insights Engine,” *Harvard Business Review*, September 2016.

<sup>2</sup> This function goes by different names in different companies, depending on where it sits—CX insights, marketing insights, customer intelligence, and more. For the purposes of this report, we adopt van den Driest’s terminology and refer to it as the insights team.

# Three Capabilities of a High-Impact Insights Team

To identify the defining characteristics of high-performing customer experience teams, we examined more than 300 established CX programs over a four-year period. In addition, we drew on our work with customer experience leaders across 11 different industries, from retail and hospitality to financial services and telecommunications. Based on these analyses, we've identified three ways that high-impact insights teams facilitate customer-driven change within their businesses.

## Gain a Deeper Understanding of Customers Faster

Customers today expect more and are willing to try new offerings far more quickly than their predecessors. They have more information, an ever-expanding choice of global providers, and greater voice. As a result, they make purchasing decisions more quickly and often share the results of their choices with other consumers almost immediately. Because it's easier to communicate with consumers who have vastly different experiences, conveniences offered in one market are soon expected in others. For example, if Uber can offer people a faster, more efficient way to get across town, why shouldn't they expect the same speed and efficiency when getting their packages delivered?

To keep up with rapidly changing expectations, businesses need to be fast at gathering and interpreting customer feedback and fast at

responding to that feedback. Unfortunately, that's not so easy. Why? Because customers aren't all alike. They have unique preferences, and those preferences are becoming increasingly diverse. The [McKinsey Global Institute](#) reports that "there is no such thing, if there ever was, as an average consumer in an average market."<sup>3</sup> Global trends such as emerging economies with richly varied cultures and spending patterns; rising income inequality; and aging consumers have combined to create consumption patterns that are far more diverse and complex than in the past. This complexity poses enormous challenges for companies trying to win customers—everything from evaluating a broader range of customer expectations to attracting buyers at very different price points.

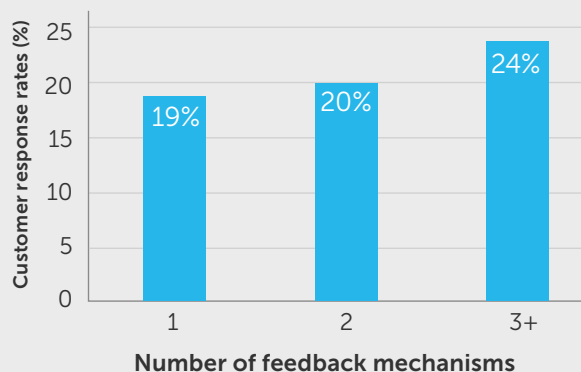
Insights teams can play a critical role in navigating the changing consumer landscape. To guide strategic decisions, the best teams start by creating feedback systems that provide a comprehensive picture of their customer base and deeper understanding of how customers perceive their experience—from their very first point of contact with a company to their very last.

One way that effective insights teams get a comprehensive picture of the total customer experience is by making it easy and convenient for customers to provide feedback. Specifically, we found that companies using three or more modes of communication to gather feedback—such as email, text messaging, paper-based surveys, voice recognition software, and the like—received a greater percentage of responses

<sup>3</sup> McKinsey Global Institute, *Urban World: The Global Consumers to Watch*, April 2016.

to their requests than did companies that relied on a single mode (see Figure 1). By using more mechanisms to collect feedback, companies not only get responses from more customers, they get more detailed responses, which often yield more meaningful insights.<sup>4</sup>

**Figure 1: Response rates rise when customers have more ways to give feedback**



The analysis controls for industry, total number of employees at each company, survey program type (transactional vs. relationship), customer base (B2B vs. B2C), and whether a program was linked to a call center; 4 years of data, 249 CX programs,  $p < 0.01$

Another way of getting real-time information about customers is by gathering unstructured feedback, either from comments solicited directly through customer satisfaction surveys or from unsolicited commentary gathered from online review sites, blogs, or social media. Consumers increasingly turn to online sources to get information about products and services and to share their own experiences. [According to a study](#) by Deloitte, 81 percent of consumers go online to check ratings and read reviews of products and services, and more than one in three contribute to online forums with their own ratings and reviews.<sup>5</sup> Millennials are particularly likely to share their experiences

online. [A Medallia survey found that 85 percent of millennials](#) write online reviews or post to social media to tell others about a great or terrible customer experience.

## Insights teams can play a critical role in navigating the changing consumer landscape.

Given the growing volume and importance of unstructured feedback, the best insights teams are starting to mine unstructured data using sophisticated technologies like text analytics. These technologies capture and make sense of whatever customers have to say, in their own words, unconstrained by the questions companies may choose to ask in surveys. [Using text analytics, insights teams can uncover customer problems and opportunities for innovation](#) that might otherwise go undetected by traditional survey analysis. They can monitor a continuous flow of unstructured feedback from online sources, turning digital customer chatter into a more comprehensive understanding of the customer experience.

But collecting customer feedback from multiple mechanisms and sources is only part of the story. Customers today shop in many different ways—in stores, at outlets, online, via mobile apps, and more. To quickly tap into the minds of diverse consumers and stay ahead of changing customer expectations, insights teams must also evaluate feedback across multiple channels. This is because customers may have different experiences across different channels; they may have different feedback and prefer to communicate differently as well.

<sup>4</sup> Mobile surveys have become particularly important in recent years. Looking across the four years represented in our study, we found that the number of surveys completed via smartphones has more than doubled over the past three years, and, in many industries, mobile surveys make up almost half of all responses.

<sup>5</sup> *The Deloitte Consumer Review, The Growing Power of Consumers*, May 2014.

Integrating feedback across channels requires a lot of work, but our analyses indicate that insights teams can get big returns from their investment. Specifically, when companies collect feedback across four or more channels, their Net Promoter Scores® are, on average, 14 points higher than those of companies that collect feedback from only one channel.<sup>6</sup>

## Use Data to Create Executive Buy-In and Drive Action

Collecting customer feedback is crucial, but it's just the first step in building a high-powered insights engine. The most effective insights teams are proficient in their use of data. They identify patterns in large amounts of customer feedback and extract value from the information embedded within it. Not only that, but they are highly purposeful in their analysis, driven by a company's strategic priorities and a strong understanding of its business objectives.

Depending on the type of business, effective teams may analyze customer feedback to forecast churn, identify predictors of customer spend, or pinpoint sources of product or service problems. They may also anticipate future trends or ferret out profitable sub-segments to target in marketing initiatives.

Increasingly, insights teams use advanced analytics to integrate customer feedback with other information, which allows them to translate complex data into strategic guidance. The very best teams, however, recognize that sophisticated analytics is merely a means to an end—an interpretive tool to address strategic questions and provide value-driving answers. They use analytics to generate action not only within a given function, but across the entire business. By galvanizing strategic action company-wide, these teams

become far more successful at turning customer insights into business results.

In most cases, engaging the whole business starts with getting buy-in at the top, often by sharing customer feedback with senior leaders who have relatively little interaction with customers. Executives in many B2C companies, for example, rarely interact with customers on a day-to-day basis. Among the B2C programs in our study, we found that programs distributing customer feedback to executives across functions and departments achieved Net Promoter Scores that were, on average, six points higher than scores for programs that chose not to share customer feedback with executives.<sup>7</sup>

Insights teams that translate customer feedback into strategic action typically do so by showing senior leaders how good and bad customer experiences directly affect business results. One particularly effective insights team working for a large US retailer influenced store improvements by demonstrating the relationship between customer feedback ratings and future customer spending. The team's analyses showed that promoters spent almost 20 percent more, on average, over the three months following an initial transaction than detractors did. They also showed that stores with higher customer experience ratings, on average, achieved higher sales per store than stores with lower ratings. By quantifying the impact on store sales, the results motivated senior managers to take actions that improved customer service, such as staffing up during their busiest shopping hours.

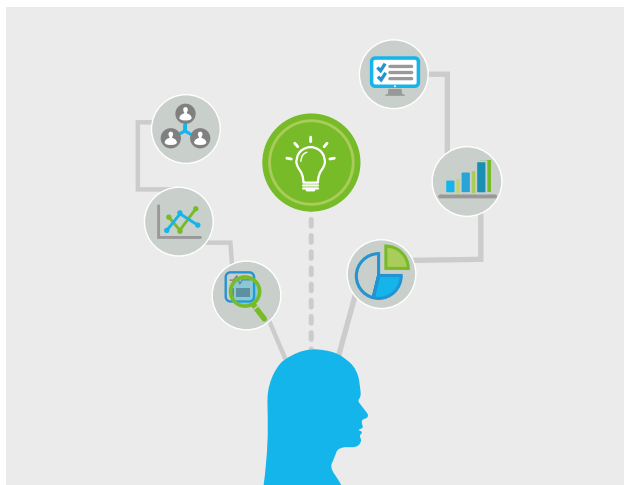
By demonstrating that delivering a great customer experience had real business impact, the insights team influenced managers' operating strategies and helped them increase store revenue.

Influencing senior leadership is necessary for turning customer insights into strategic action, but it's not sufficient. While leaders certainly help to direct attention and resources, for a company

<sup>6</sup> The Net Promoter Score (NPS) is a widely used measure of customer satisfaction. The score is calculated by subtracting the percentage of a brand's detractors (unhappy customers capable of damaging the brand) from the percentage of the brand's promoters (loyal enthusiasts who can fuel the brand's growth through positive word of mouth). The resulting score ranges from -100 to 100. The analysis controls for industry, total number of employees at each company, survey program type (transactional vs. relationship), customer base (B2B vs. B2C), and whether a program was linked to a call center; 4 years of data, 308 CX programs,  $p < 0.001$ .

<sup>7</sup> The analysis controls for industry, the number of CEM system users at each company, survey program type (transactional vs. relationship), and whether a program was linked to a call center; 2 years of data, 275 CX programs,  $p < 0.02$ .

to be truly customer centric, all employees must take ownership of understanding consumer expectations and delighting customers.

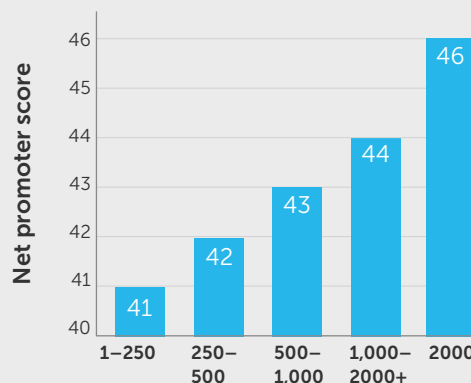


High-impact insights teams align customer-centric action across the business in at least two ways. First, they create systems that provide widespread access to customer feedback. Our study found that programs that gave more employees access to customer feedback saw higher Net Promoter Scores than programs that gave fewer employees access (see Figure 2). Because the analyses controlled for a company's size, they essentially measured the relative proportion of a company's workforce that had access to customer feedback. The findings indicated that for two companies with the same number of employees, the company providing access to a greater number of employees had a significantly higher NPS.

Of course, the extent to which employees actually engage with feedback also matters. We found that NPS was significantly higher (by four points) for companies whose frontline employees reviewed customer feedback five or more days a week on average, compared to companies whose employees reviewed feedback only two days a week or less (see Figure 3). The implication: insights teams must not only provide widespread access to customer feedback, they must design systems and processes that encourage employees to engage with that feedback.

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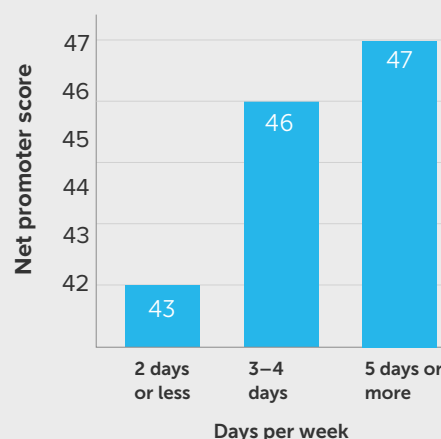
**Figure 2: NPS is higher when companies give more employees access to customer feedback**



Number of employees with access to feedback

The analysis controls for industry, the number of employees at each company, survey program type (transactional vs. relationship), customer base (B2B vs. B2C), and whether a program was linked to a call center; 4 years of data, 342 CX programs,  $p < 0.02$ . Because the analysis controlled for a company's size, it essentially measures the relative proportion of a company's workforce that had access to customer feedback.

**Figure 3: NPS is higher when employees review feedback more frequently**



Days per week

The analysis controls for industry, the number of CEM system users at each company, survey program type (transactional vs. relationship), customer base (B2B vs. B2C), and whether a program was linked to a call center; 2 years of data, 166 CX programs,  $p < 0.01$ .

The second way that insights teams help to promote and align customer-centered action is by integrating customer insights directly into a company's operating systems. Take, for example, changes initiated by the insights team at a North American telecommunications company. The team analyzed customer feedback to determine which factors drove satisfaction for its most important customer segments and identified the characteristics of its most effective call center agents. It then collaborated with other operating teams to integrate these insights into the call centers' routing algorithms. In so doing, the company was able to align customer needs with employee strengths and significantly increase customer satisfaction. When insights teams bake insights from customer feedback directly into their business processes, they help to ensure that customer needs are prioritized and addressed in line with the company's strategic objectives.

## Serve as Partners in Innovation

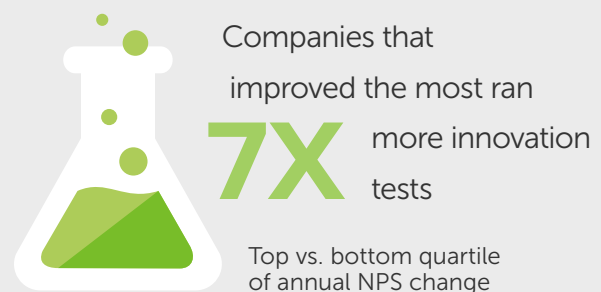
High-impact insights teams use customer feedback to gain a deeper, more comprehensive understanding of customer needs and to spur decision makers to respond rapidly to changing customer expectations. The very best insights teams, however, do one more thing to produce greater customer value: they help their companies innovate.

Best-in-class insights teams encourage and enable their companies to learn, experiment, and innovate by leveraging customer feedback. They rely on three practices, in particular, to create an environment conducive to customer-centered innovation. First, they recognize that good ideas can come from anywhere, and they scan continuously for feedback from multiple sources. These may include structured customer surveys, unstructured feedback gathered from customer comments, online review sites, social media, and feedback from employees—especially frontline employees, who interact with customers directly.

Second, they use feedback to convince groups around the organization to test ideas that have the potential to provide new value for customers. We examined the frequency of innovation testing for programs that improved the most and least over a two-year period, as measured by their Net Promoter Scores (see Figure 4). Our findings indicate that high-performing programs (those in the top quartile of annual NPS change) ran seven times more innovation tests than low-performing programs (those in the bottom quartile). Insights teams that support efforts to test new ideas—whether those efforts are orchestrated by a central function or organized locally—help their companies innovate continuously and, ultimately, adapt successfully to changing customer expectations.

Third, and closely related, high-impact insights teams enable companies to take well-informed action by providing guidance and analytics support. They work closely with both corporate functions and local entities to craft well-designed experiments that generate the data needed to evaluate whether customers sufficiently value new offerings. By ensuring that experiments are properly designed, insights teams can help to compare alternatives, identify which features are most popular or need improvement, and assess cost-benefit trade-offs in light of customer feedback and business results (such as sales volume or revenue).

**Figure 4: CX leaders try new ideas based on customer feedback**



2 years of data (2014–2015), 140 CX programs



By encouraging idea generation at all levels and then running experiments to identify the most promising options, insights teams have become an essential partner in corporate innovation. The best insights teams no longer simply report the outcomes of past strategic decisions; they stimulate learning and influence the direction of future decisions.

## Conclusion

In a customer-centric world, companies need to increase the quality and speed of their customer insights so they can adapt rapidly to changing

customer expectations. High-performing insights teams not only ensure that the customer's voice is heard, they make sure that companies hear it clearly, interpret it accurately, and use it to drive strategy. They know that customer-centricity must extend far beyond the insights team; everyone must share responsibility for pleasing customers if a company is to be truly adaptive. As a result, modern insights teams take a more active role in building engagement across the organization, connecting employees directly with customer feedback, creating a business case for change, and providing senior leadership with the analytic support needed to construct a compelling customer-centric strategy.

### RECOMMENDATIONS

#### To become a high-powered insights engine, insights teams should strive to:

- **Speed efforts to gain a deeper, more comprehensive understanding of diverse customers.** As customers become increasingly demanding and diverse, it is important to make it easy and convenient for them to provide feedback. It is also important to look beyond traditional survey methods. Effective insights teams gather feedback using multiple communication mechanisms, across all channels, and from both structured surveys and unstructured sources.
- **Use data proficiency to achieve leadership buy-in, drive strategy, and generate customer-centric action.** With advanced analytics and new technologies like text analytics, even small teams can translate complex data into strategic guidance. By providing widespread access to customer feedback, analyzing it in relation to other business metrics, and integrating customer insights directly into a company's key operating systems, teams can stimulate customer-centered action across the business.
- **Leverage customer feedback to accelerate innovation.** Ideas for creating new customer value can come from anywhere, so it's important to monitor feedback broadly and continuously, from both customers and employees. Insights teams can become valuable partners in innovation when they identify opportunities for innovation, encourage experimentation, and craft well-designed tests to evaluate new and different alternatives. By comparing and sharing the results of local experimentation company-wide, insights teams can help to accelerate global learning.



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Carly Kontra is a Research & Analytics Manager within Medallia's CX Strategy Research group. She completed her PhD in Cognitive Psychology at the University of Chicago while studying the impact of motor experience on perception, learning, and wisdom.



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