Harvard Business Review
ANALYTIC SERVICES

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It Takes Big and Small (Data)

Customer Insight is Key to Business Success

Few would argue that delivering on customer experience is negotiable for brands and businesses today. To deliver a positive and relevant experience, you need to understand your customers. In fact, 98% of participants surveyed in a Harvard Business Review Analytical Services (HBRAS) study, sponsored by FocusVision, believe that understanding their customers is crucial to creating relevant customer experiences.

Unsurprisingly, nearly three-quarters of the survey participants, all from large organizations (1000 + employees) across the globe, indicated that their company has a customer experience strategy in place. However, only a fifth claim the strategy is working well. What's going on?

A chronic lack of customer understanding

Despite access to a wealth of customer data, only 23% believe that their organization understands why its customers act the way they do.

Research by Forrester Consulting, commissioned by FocusVision, found that how a customer *thinks* and *feels* about the brand are both statistically significant drivers of how they act (purchase, loyalty, and advocacy). Further, how a customer *feels* about the brand, their emotional connection with the brand, has a 1.5x greater impact on driving positive business outcomes than what they think.

So, without understanding how their customers think, feel, and act, organizations are unable to deliver on experience.

The need to integrate Big and Small Data

The study undertaken by Harvard Business Review Analytical Services, sponsored by FocusVision, showed that to fully understand your customer, you need to integrate both Big and Small Data. Big Data, from sources such as click stream, POS, CRM interactions and so on, is effective at providing, often very detailed accounts, of *what* your customer is doing. Small Data, those gathered from surveys, focus groups, online research communities and mobile ethnographies, tells you *why* they are taking those actions.

Harvard Business Review Analytic Services surveyed 619 executives who are familiar with their organization's customer experience (CX) strategy to find out where their biggest pain points are, which organizations are seeing better returns on their programs, and what the role of big data and small data have been in CX management success and failure.
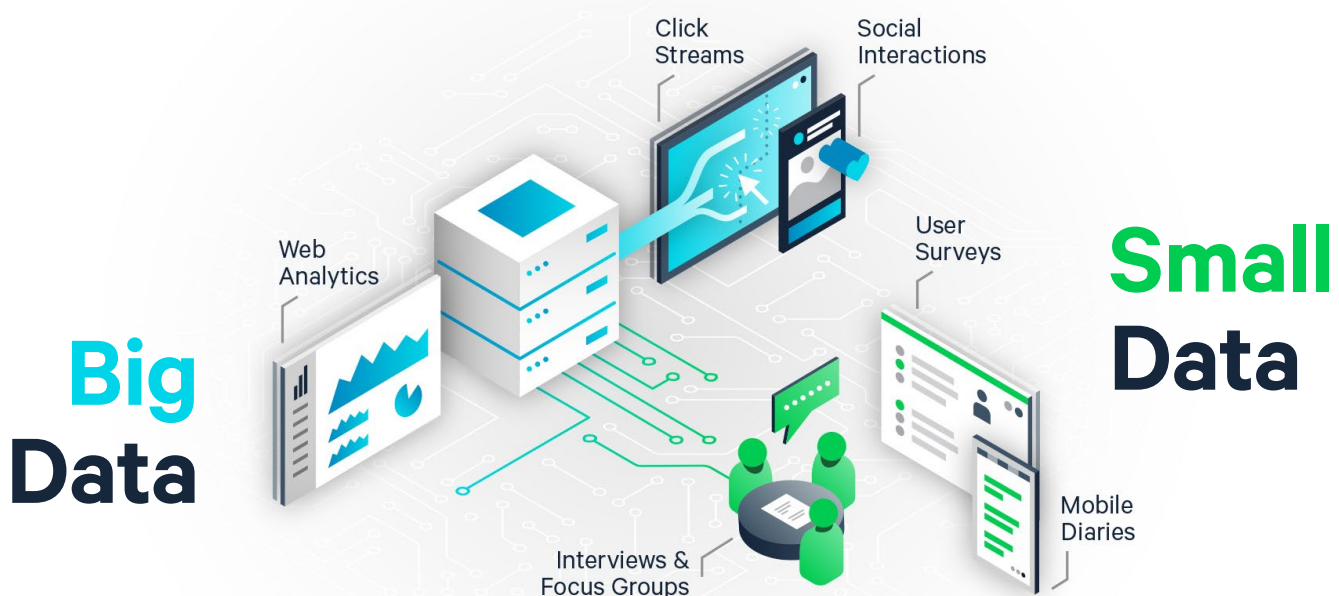
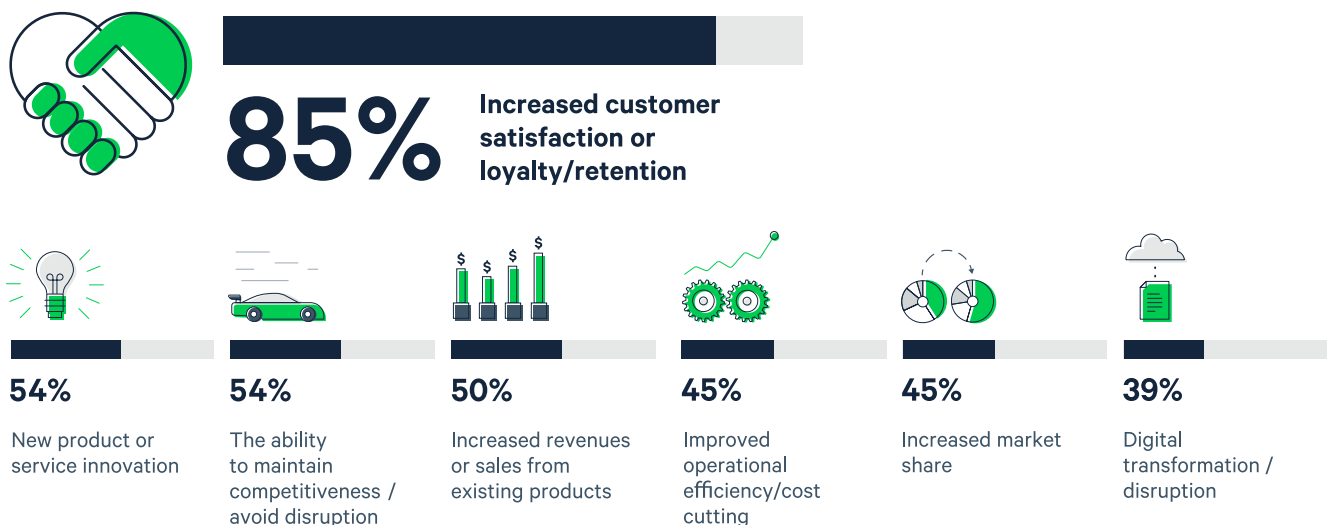Right now, however, there's an emphasis on what Big Data can tell us.

> "The biggest problem with corporate data today is that everyone is obsessed with getting big data solutions on board. But you have to get your hands dirty to see the world form the customer's point of view. You have to put yourself in their shoes and feel what they feel. Then you have something valuable"**—Martin Lindstrom,** founder and chairman of Lindstrom Company and author of *Small Data: the Tiny Clues that Uncover huge Trends.*

Leaders see greater CX success

15% of the respondents, the leaders, are able to integrate both Big and Small Data to create a holistic customer view and report that they have a far better understanding of their customers.

Leaders   **Followers**   **Laggards**

Understand why customers act the way they do

How well does your organization understand why its customers act the way they do?

Effective CX management strategy

How would you rate the overall effectiveness of your organization's CX management strategy?

Very effective / Very well (8–10)

55%	20%	8%

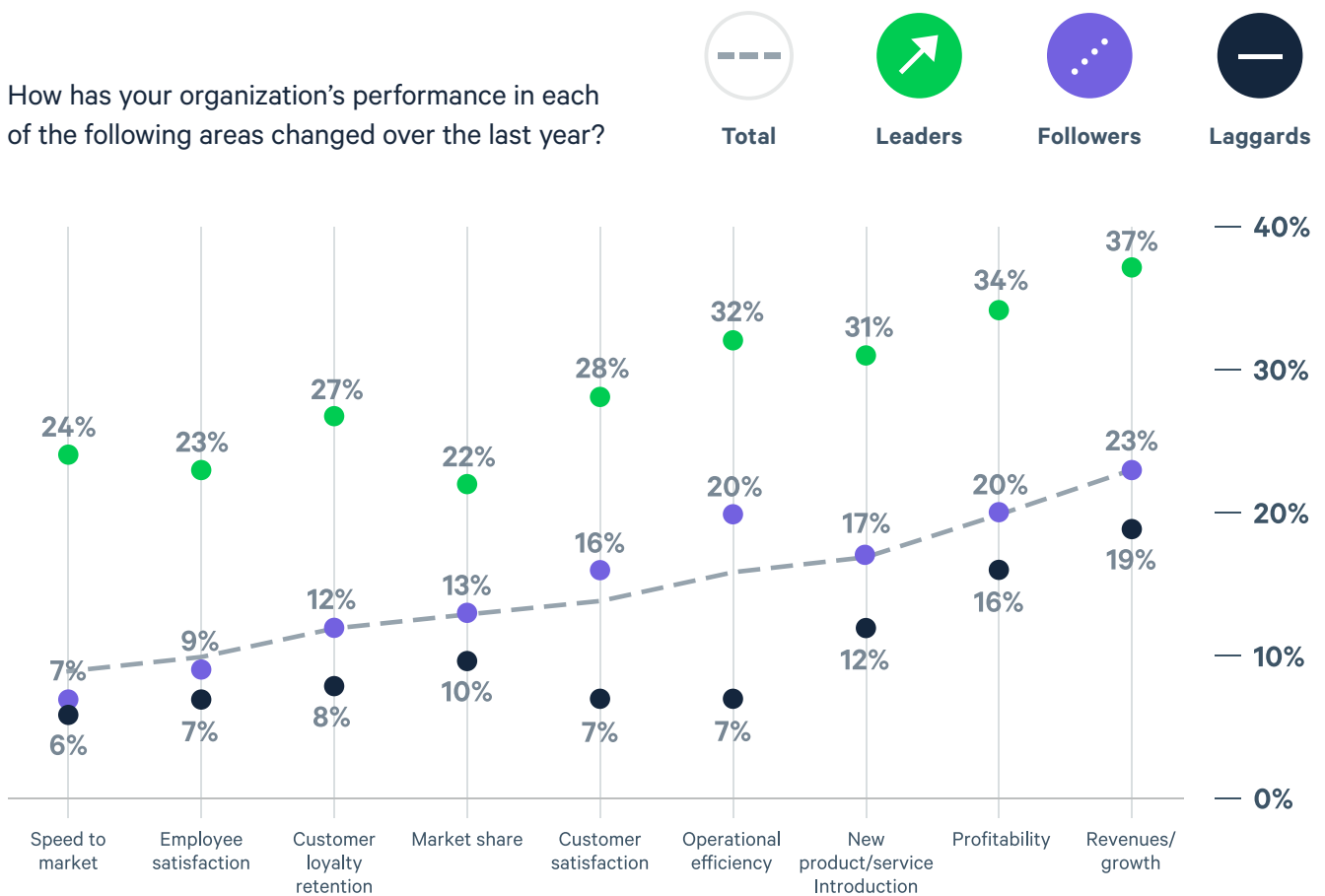|		
52%	18%	5%

All companies believe there's a benefit to Insight Integration in terms of their customer experience, with increased customer satisfaction or loyalty/retention topping the charts at 85%.

85%
Increased customer satisfaction or loyalty/retention

54%
New product or service innovation

54%
The ability to maintain competitiveness / avoid disruption

50%
Increased revenues or sales from existing products

45%
Improved operational efficiency/cost cutting

45%
Increased market share

39%
Digital transformation / disruption

By being ahead in the insight integration game, Leaders are reaping the business rewards that everyone is striving for – revenue growth and increased profitability, the successful introduction of new products and services, and greater operational efficiencies.

Big–Small Data Integration Bolsters Business Results

Leaders in the mixing of data see better profitability and revenue growth

How has your organization's performance in each of the following areas changed over the last year?

Total **Leaders** **Followers** **Laggards**

	Speed to market	Employee satisfaction	Customer loyalty retention	Market share	Customer satisfaction	Operational efficiency	New product/service Introduction	Profitability	Revenues/ growth
Leaders	24%	23%	27%	22%	28%	32%	31%	34%	37%
Followers	7%	9%	12%	13%	16%	20%	17%	20%	23%
Laggards	6%	7%	8%	10%	7%	7%	12%	16%	19%

Learning from the Leaders

This is not to say that integrating Big and Small Data is an easy feat. According to the HBRAS study, organizations struggle with four key impediments to CXM success, namely: organizational silos, systems and processes such as inconsistent data collection, lack of data management systems, data standardization issues and legacy systems, prioritization to focus time and resources, and knowledge sharing of customer insight across the organization.

The Leaders also face these challenges, as well as a few more given they are further down the path, however, they have taken steps to overcome them.

1. Ensure executive buy in to the need to integrate small and big data.

Employ emerging small and big data methodologies such as mobile, clickstream, telemetry, mobile diaries, online communities and focus groups. **2.**

3. Provide the necessary data management systems and ensure data collection consistency.

Break down organizational silos. **4.**
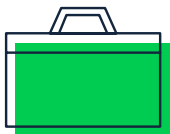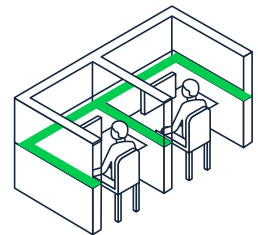
5. Equip users with the necessary analytical skills and tools to provide critical insights.

Be the integration. **6.**
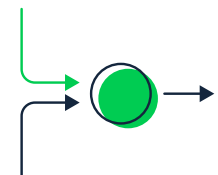
7. Maintain focus.

Implementing the above is not a quick or painless process but it is essential in order to create a truly customer centric organization.

To learn more about integrating Small Data for CXM success, download the full Harvard Business Review Analytical Services research report, sponsored by FocusVision:

Beyond Big Data: Why Small Data Integration Is the Key to CXM Success.

To learn more about the role of emotions in understanding how your customers think, feel, and act, download the full Forrester Study, commissioned by FocusVision:

How Customers Think, Feel, and Act: the Paradigm of Business Outcomes.

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