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The Key Trends Shaping Customer Experiences

The experience economy fundamentally changes the expectations and relationships between customers and brands.

Today’s business-to-consumer customer journey involves no less than six touch points\(^1\) accessed from an average of 3.2 devices.\(^2\) The business-to-business buyer journey is even more complex, with more touches required, more decision-makers to please, and longer sales cycle times.\(^3\)

Buyers today have unprecedented access to information, and they are exercising greater control over their journey than at any time in the past. In response, brands are looking beyond offering great products or services at great prices to stand out. The brand experience itself has become a key driver for growth.

For instance, Watermark Consulting, a customer experience advisory firm, found in its research that customer experience leaders outperformed the broader market, generating a total return that was 45 points higher than the S&P 500 Index.\(^4\) By contrast, customer experience laggards trailed far behind, posting a total return that was 76 points lower than that of the broader market.\(^5\)

What makes an exceptional customer experience? Across industries and regions, customers reward brands that balance personalization with data privacy and relevant information with convenience. They reward brands that earn their trust and that treat them as individuals, not account numbers.

Meeting these demands can separate a business from its competitors. That’s why we call it the experience economy. But satisfying today’s customer is much easier said than done. Let’s look at why.

Eighty percent of CEOs feel they deliver exceptional experiences, but unfortunately, only 8% of their customers agree.\(^6\) We call this the experience gap.

Poorly executed marketing contributes to this gap. Where do marketing teams go wrong? Here are a few of the main reasons for the gap:

- An inability to unify data into a single view of the customer\(^7\)
- Roadblocks that prohibit marketers from gaining smart insights and making data-driven decisions\(^8\)
- A lack of an effective measurement and optimization strategy\(^9\)

There are immediate repercussions to these challenges in the form of higher churn, missed opportunities, and higher costs to fill sales funnels with qualified leads.

In addition, there are severe long-term repercussions. The impact of online reviews continues to bloom. One study found that 93% of consumers said online reviews impacted their purchasing decisions.\(^10\) If the reviews are negative and unaddressed, it will be much more difficult – and more expensive – to win new customers.

Given this potential risk, brands simply cannot afford to miss the mark when it comes to customer engagement and marketing.

The Need to **Listen, Understand, and Act**

Improving the customer experience is just good business. According to Forrester, a one-point improvement in the Forrester CX Index Score resulted in an average of US$185 million in revenue growth among 15 surveyed industries.\(^{11}\) And increasingly, CMOs are being asked by their CEOs to help drive business revenue and growth because marketing is on the front line of orchestrating their company’s customer experiences.

To help close the experience gap and grow their businesses, marketers need to:
- **Listen** to customers through their actions and feedback
- **Understand** how, when, and what customers want, while respecting their boundaries
- **Take action** to optimize experiences that delight customers and deliver the best business outcomes

Your marketing teams work hard every day to deliver “wow” moments that catch the attention of prospects and convert them into loyal customers. The vital question is, do you have the right marketing tools that work just as hard as your team?

With the SAP® Marketing Cloud portfolio, you can definitively say “yes”. It enables intelligent marketing for your business by using modern, intelligent, cloud-based technologies and prebuilt integrations that connect insights and execution into one marketing platform. The solution unifies experience data (X-data) and operational data (O-data) into a single customer view. Brands can listen, understand, and act based on intelligence and insights.

With our solutions, your business can:
• Capture the full context of your customers, uncover hidden trends, and identify and target the best customers in real time
• Engage with speed and intelligence in ways that address privacy compliance, build customer trust, and deliver more relevant experiences
• Understand performance with closed-loop measurement, enhance cross-team collaboration, and optimize marketing efforts to maximize ROI

Let’s look at each of these points in more depth.

**Connect insights and execution**
in a single marketing platform with SAP Marketing Cloud.
**Full Customer Context**

Traditionally, marketers have combined historical CRM data such as demographic, firmographic, and interaction data with other O-data such as financial, returns, and contractual data to develop a picture of who their customers are, how they’ve interacted with the brand, and what should come next.

**BENEFITS OF X+O DATA**

O-data alone doesn’t tell the whole story. It gives marketers a picture of who, what, where, and when, but it doesn’t tell marketers why, and it is not a good indicator of what customers may do next. And that is perhaps one of the most important questions to answer.

X-data – including attributes such as interests, affinities, and sentiment – amplifies the voice of the customer for brands and provides a strong indicator of what customers may do next. It also answers why customers behave the way they do. For example, it can answer why customers make a purchase or abandon items.

This allows brands to proactively address gaps in customer understanding to improve experiences, deepen engagement, boost ROI, and develop long-term loyalty.

**BENEFITS OF SAP MARKETING CLOUD**

Through our solutions, you can leverage a unified view of each customer to sharpen your marketing team’s focus on delivering market-differentiating personalized experiences (see Figure 1).

This unified view includes X-data and O-data, allowing you to activate more value and gain deeper insights. You’ll better understand the full scope of marketing, sales, service, and commerce interactions. You’ll also understand interests, affinities, and intent so you can discover the “why” behind customer behaviors. And you’ll be better able to identify hidden trends and discover microsegments with a few clicks.

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Figure 1: A Unified View of Relevant Customer Data Across All Sources

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BENEFITS OF SAP MARKETING CLOUD

Through artificial intelligence (AI) and machine learning (ML) capabilities in our solutions, you can accurately identify and deliver personalized experiences at scale and react in real time to customer feedback.

In addition, customer profiles can include consent and preference data, which means every engagement will be consent based and trustworthy.

And, thanks to our powerful partner ecosystem, you can leverage deeper insights to extend personalized customer experiences throughout the customer journey (see Figure 2).

CREATING CONSISTENCY ACROSS CHANNELS AND TOUCH POINTS

Market leaders have the ability to synthesize operational and experience data at scale, develop insights on the fly to anticipate and adapt experiences to meet customer expectations, and provide personalized experiences across all channels to reassure customers that they are listening and acting on each customer’s feedback.

Figure 2: Using Machine Learning to Understand Hidden Customer Trends

Brands that are winning in the experience space consistently meet customers when, where, and how they choose to take the next step in their journey.

How? By listening in real time not only to customers’ behavioral cues, but by creating a dialogue, interacting one to one, and actually asking customers what’s working, what’s not, and what would make it better.

Engage with Speed and Intelligence

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Optimize Marketing and Drive Revenue

Marketers are increasingly taking greater responsibility for revenue generation while at the same time experiencing significant downward pressure on their budgets. As a result, being able to measure the impact of marketing efforts — and the ability to report this impact up the command chain — is vital.

QUANTIFY AND QUALIFY
Truly understanding the impact of experiences on metrics such as revenue means marketers need to be able to close the loop between investment, execution, and business outcomes.

Quantifying the impact helps marketers understand which combinations of channels, tactics, campaigns, and journeys are delivering volume, quality, and ROI.

Equally important is to qualify the impact through ratings, reviews, Net Promoter Scores, and customer satisfaction scores. This reveals why those combinations are working and the health of customer relationships with the brand, and it can even help identify relationships at risk for churn.

PLANNING AND COLLABORATION
A centralized view of planning and real-time budget control help improve collaboration between marketing and sales teams, resulting in better execution and outcomes.

REPORTING
The ability to deliver reports and insights — from budgets to customer sentiment — with clear, insightful dashboard views will help organizations make data-driven decisions to amplify what works, reduce what doesn’t, and increase ROI (see Figure 3).

BENEFITS OF SAP MARKETING CLOUD
With our budget and management solutions, you can manage all budgets and expenses from a single platform to increase marketing ROI. Meanwhile, comprehensive campaign views offer deep insight into performance metrics and enhance collaboration to improve execution and optimization efforts.

Also, through integration with the SAP Analytics Cloud solution, you can create customizable reporting dashboards designed for marketing executives on everything from budgets to customer sentiment.

Figure 3: One View of Marketing Activities to Manage Planning and Performance
The Integrated Marketing Suite for Intelligent Enterprises

SAP Marketing Cloud offers an integrated suite for the modern marketer, as shown in Figure 4. And unlike other solutions that support only the last mile of execution, SAP Marketing Cloud is a fully integrated suite, supporting the end-to-end business of marketing.

The suite includes:
• Dynamic customer profiling
• Audiences, segmentation, targeted campaigns, and customer journeys

• Lead- and account-based marketing
• Marketing planning and budget management
• Marketing analytics and performance management

Learn More
For more information on how SAP Marketing Cloud can help your business, visit us online.

Figure 4: An Integrated Marketing Suite for the Modern Marketer
Quick Facts

Summary
With the SAP® Marketing Cloud portfolio, you get more than just a best-in-class intelligent marketing platform. You also join leading global brands across industries that are transforming customer experiences, running their businesses in innovative ways, and staying on the cutting edge. With the portfolio’s market-leading solutions, you can address today’s challenges and tomorrow’s opportunities to drive revenue and growth.

Objectives
• Sharpen the focus of marketing using the full context of the customer
• Break down data silos to unite experience and operational data
• Build customer trust and deepen customer relationships
• Optimize customer experiences and outcomes to drive revenue
• Generate more demand, increase conversions, and, ultimately, drive more sales

Solution
With SAP Marketing Cloud, you can:
• Identify, capture, and enrich customer profiles across all sources into a single view
• Practice consent-based and permission-based marketing
• Understand marketing performance and the drivers of business success
• Speed time to market with enhanced collaboration across teams
• Make data-driven decisions with real-time transparency into marketing plans and budgets

Benefits
• A single, comprehensive view of customers that delivers powerful insights to shape marketing strategy
• Ability to orchestrate smooth experiences throughout the customer journey
• Personalized experiences at scale that build customer trust
• Real-time business intelligence that increases agility by enabling fast analysis and confident decision-making across the organization

Learn more
Discover how SAP Marketing Cloud can help you take the reins on revenue in the experience economy by visiting us online.