

DIGITAL LEADERS USE CUSTOMER JOURNEY MAPS TO GUIDE BUSINESS TRANSFORMATION

A complimentary report from SugarCRM



INTRODUCTION

This report is written for digital decision makers who want to know how their peers are using customer journey mapping to guide their business transformation efforts.

Consumers and business buyers will never stop searching for new and better ways to fulfil their needs.

Companies respond to these shifts in customer behaviour by embracing them, ignoring them or trying to fight them. Even companies that are profitable at present are on notice that their future success depends on their ability to stay relevant in the face of changing customer behaviour.

This is an enormous challenge, as customers are changing every part of the ‘customer journey’ — every aspect of how they discover, buy, use and recommend products.

To fully harness the opportunities created by new customer behaviours, companies often have to change every aspect of their business, from the actual products they sell through to their marketing, sales and customer support strategies. This sort of concerted company-wide change is called business transformation.

Ideally, the change process should begin with the gathering and sharing of knowledge about the company’s customers.

When working with this sort of knowledge, two tools are key: personas and customer journey maps.

Personas are fictional individuals that are representative of a group of people with similar needs and behaviours. But they don’t just represent that group — they aim to bring it to life. Customer journey maps build on personas by visually modelling the steps those customers follow as they find, buy, use or talk about your products.

This report uncovers the value of personas and customer journey maps to companies that are in the midst of business transformation.

The primary research contained in this report is sourced from Telsyte’s annual Australian & New Zealand Digital Marketer Study 2015. This study was created using an online survey of 255 CMOs, marketing directors and other marketing decision makers from Australia and New Zealand. The survey was conducted to understand their attitudes, experiences and budgeting consideration for the Australian financial year commencing July 2015.

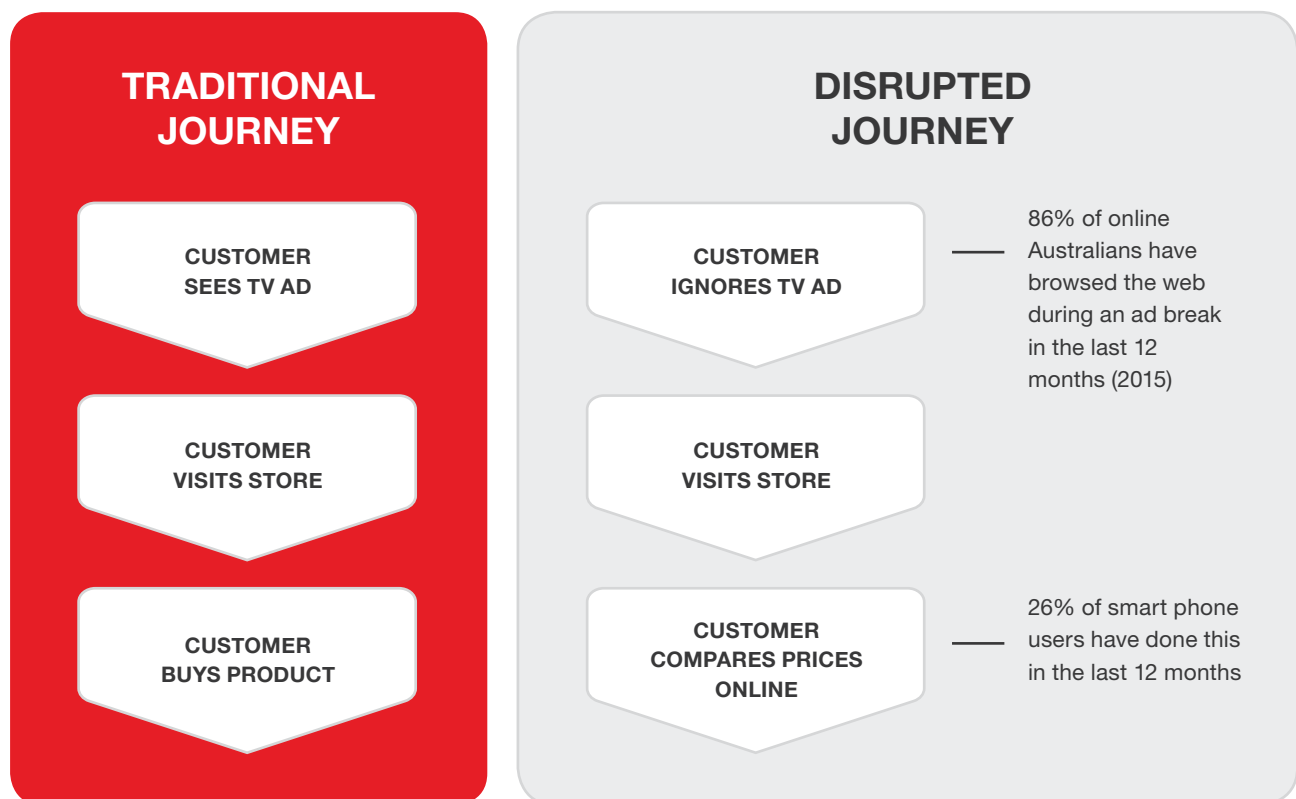


ACCELERATING DISRUPTION IS PUTTING BUSINESSES ON NOTICE

Consumers and business buyers will never stop searching for new and better ways to fulfil their needs. For example, Australians could not ‘officially’ use Netflix at all in 2014, but nonetheless 200,000 Australians were using VPN software to bypass this restriction.¹

Companies respond to these shifts in customer behaviour by embracing them, ignoring them or trying to fight them. At one end of the scale, companies like Uber are innovating so effectively that they actually inspire new customer behaviours. At the other extreme, some companies stubbornly refuse to accept that change is inevitable. In doing so, they risk meeting the same fate as Blockbuster (liquidated in 2013, after declining to buy Netflix for US\$50m) or Borders (liquidated in 2011, after initially letting Amazon take care of its online strategy). Between these two extremes, you’ll find the vast majority of companies in Australia and New Zealand today. They may be profitable at present, but they are on notice that their future success depends on their ability to stay relevant in the face of changing customer behaviour.

This is an enormous challenge when customers are changing every part of the ‘customer journey’ — every aspect of how they discover, buy, use and recommend products. For example, a customer journey for a consumer product in Australia in the 1990s typically started with customers seeing an advertisement on television and ended with them making a purchase in a store. This journey is now being disrupted by a range of behaviours, from browsing the web during ad breaks (86% of online Australian have done this in the last 12 months) to comparing prices on their phones while in store (26% have done this in the last 12 months). This disruption creates huge challenges for companies that are stuck in the past. It also creates new opportunities for companies that know how to turn smartphone users into online shoppers.



Source: Telsyte Australian Digital Consumer Study 2015

¹ Telsyte Digital Consumer Study 2015

PERSONAS REPRESENT YOUR CUSTOMERS

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Ideally, the change process should begin with the gathering and sharing of knowledge about the company's customers. When working with this sort of knowledge, two tools are key: personas and customer journey maps.

Personas are fictional individuals that are representative of a group of people with similar needs and behaviours. But they don't just represent that group — they aim to bring it to life. For example, if "45–65yo small business operators who plan to buy boats" was an important customer segment for a company, then it might create a persona called "Brian Dallymore, 58, Cabinet Maker." Brian would have his own tastes and interests, and his own needs and backstory. Typically, his persona would then be communicated through posters, PowerPoint decks and other materials designed to encourage all staff to keep him in mind.

BRIAN DALLYMORE



Age: 58

Occupation: Cabinet Maker

Motivators:

- Quality
- Security
- Time with family
- Value for money

Annual Income: \$85,000

Financial Assets: \$300,000
(including superannuation)

Non-Financial Assets: \$1,370,000
(including the family business)

Brian's Story:

Brian lives in a detached three-bedroom brick home in Bankstown, Sydney, with his wife, Michelle. He owns a boutique cabinet-making business, which he operates with his two adult children. He is in the process of winding down his involvement in the business, which he plans to gift to his children when he retires in less than 10 years.

This year, Brian plans to buy himself a \$20,000 recreational boat. He has always enjoyed fishing and the outdoors, but this will be the first time he has allowed himself to own such an expensive piece of equipment. It's important to him that he maintains the value of this boat, so he can enjoy it for decades to come before eventually reselling it for a reasonable sum. Brian knows and trusts his bank manager and his business's insurance broker. He also takes financial advice from his adult children and listens to The Money on ABC Radio National. Brian recently bought an iPad and is surprised at how often he now uses it, especially for viewing the family photos that his adult children regularly post to Facebook. However, he has never posted to Facebook himself, and he often abandons websites when he can't work out how to use them straight away. In principle he intends to insure this new boat when he buys it, but he does not yet know how much this might cost let alone which provider would best meet his needs.

PERSONAS SUPPORT CUSTOMER-CENTRED DECISION MAKING

Companies use personas for a number of reasons, but one of the most important is that personas feel more authentic than customer segments. For example, “Brian” feels more authentic than “45–65yo small business operators who plan to buy boats”. Compare the following two statements:

- “45–65yo small business operators tend to obtain financial information through word of mouth”
- “Brian trusts financial advice from his bank manager, his business’s insurance broker and his adult children”

Which statement is the most vivid and compelling? Which shows the level of empathy that a customer-centric organisation should have for its customers? Clearly, the second statement is stronger, especially when it is followed with questions like:

- “Would Brian consider requesting a quote for boat insurance from our website?”
- “Who would Brian approach if he needed advice about boat insurance?”

Questions like these focus the company squarely on Brian’s perspective.

It’s vital that personas are based on genuine insights about customers. Companies must balance their desire to create them cheaply against the need to ensure they are of a high quality. Usually, this means they are based on a blend of qualitative and quantitative data, and a mix of existing and new research. Usually, the qualitative research comes first.

FOR QUALITATIVE INSIGHTS, MARKETERS OFTEN START WITH EXISTING KNOWLEDGE

Qualitative insights can come from many sources. Companies with deep pockets typically engage ethnographic researchers to conduct the initial qualitative research, by both interviewing customers and silently observing them as they live their lives. However, ethnographic research can be both slow and expensive. Investing in that sort of effort can seem daunting to a company that has not yet experienced the benefits that should flow from investing in persona creation.

Therefore, as an initial form of qualitative research, many organisations start by creating “assumption personas”, which are personas based solely on a company’s existing knowledge about its customers, rather than formal ethnographic research. Small companies on average take 22.5 staff hours to create assumption personas. This is much less than the 102.5 staff hours it takes the average large company to create research-based personas.²

The majority of Australian and New Zealand marketers — 60% — have customer personas of some sort. Almost half of this group — or 28% of all Australian and New Zealand marketers — have developed assumption personas, reflecting the appeal of starting small and learning before considering a larger investment in ethnographic research. The other half either started with professional personas, or graduated to using them — reflecting the value that comes from engaging trained researchers who can uncover new customer insights and create high-quality personas.



² Kim Flattery, “How Much Time Does It Take to Create Personas?”, Nielsen Norman Group, 25 October 2015

MOST MARKETERS HAVE PERSONAS OF SOME SORT

Question: Personas and segments are two tools that marketers use to identify and understand key customer groups. Please select answers that apply.



Source: Telsyte Australia & New Zealand Digital Marketer Study 2015, n=255 (multiple responses allowed)

VALIDATE AND DEEPEN YOUR PERSONAS WITH QUANTITATIVE DATA

As personas represent actual customer segments, you should use your marketing software suite to study those segments. This will unearth information that you can use to both validate your personas and to deepen them.

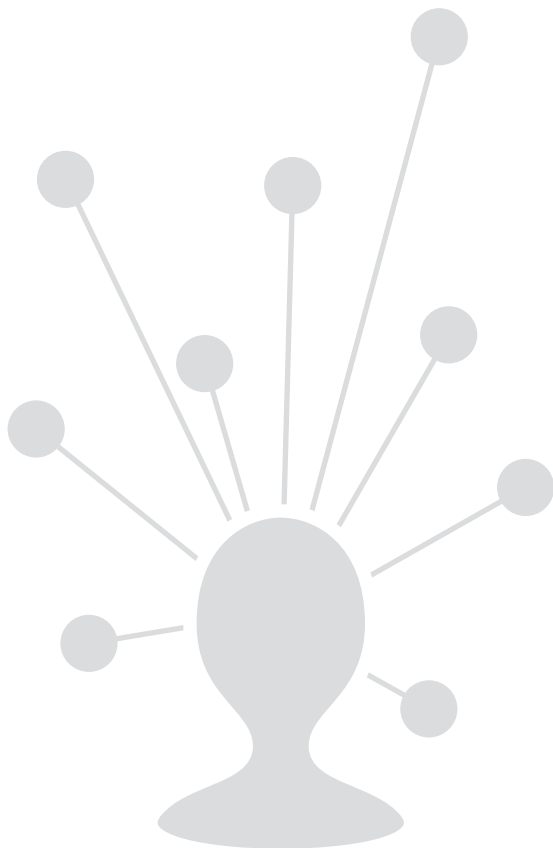
For example, if “Brian Dallymore, 58, Cabinet Maker” is your persona, examine the segment of 45–65yo small business operators who are soon to buy a boat. Using your marketing software suite, you should be able to validate the reasonableness of your persona, by checking whether customers in this segment do often behave in

the manner that has been attributed to Brian. For example, Brian often abandons websites when he can't work out how to use them straight away. Create “45–65yo small business operators” as a segment in your CRM and then check whether your data shows that a significant number of this segment's members act in this way. You should also be able to deepen your persona with quantitative data sourced from your marketing software suite. For example, what types of websites do 45–65yo small business operators often find hard to use?

CUSTOMER JOURNEY MAPS EXTEND PERSONAS

Customer journey maps build on personas by visually modelling the steps those customers follow as they find, buy, use or talk about your products. For example, if the persona is “Brian Dallymore, 58, Cabinet Maker” then the steps in his journey as a boat insurance consumer may include:

- Brian sees boat insurance advertised in *Trailerboat Buyers Guide*
- Brian’s children suggest that he request quotes from a few insurance providers via their websites
- Brian receives phone calls from each of the providers, but he does not buy from them as he finds the callers intrusive and presumptive
- Brian asks his insurance broker for advice on how to insure his boat
- Brian buys his boat, and his insurance broker insures it for him



CAPTURE CUSTOMER KNOWLEDGE IN JOURNEY MAPS

75% of Australian and New Zealand marketers in large organisations have customer journey maps, according to the Telsyte Australian and New Zealand Digital Marketer Study, 2015.

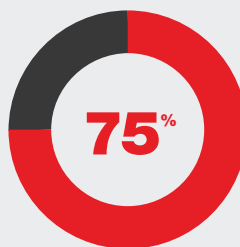
As with personas, customer journey maps can be created quickly or thoroughly. Some companies create provisional customer journey maps based on their existing customer knowledge, in a process that’s similar to the creation of ‘assumption personas’. Typically, they stage workshops in which participants from across the company write different steps in the customer journey on sticky notes. The marketers in the workshop might note that customers interact with their Facebook campaign. The market researchers in the workshop might note the importance of key life events, such as the customer getting their first home or retiring. The product designers in the workshop might note that customers find their product simple to use. The customer support leads in the workshop might note that customers use their 24-hour telephone help line. Once all these steps are noted on sticky notes, everyone in the workshop would work together to arrange them into complete customer journeys on a whiteboard.

A workshop like this is the most common starting point. But companies can also engage user experience designers to create more detailed customer journey maps that are based on ethnographic research. This is a longer and more expensive process, but it should result in customer journey maps that are more accurate, insightful and usable.

As with personas, you should validate and deepen your customer journey maps with quantitative data about each segment drawn from your marketing software suite. For example, your marketing software suite should be able to tell you when 45–65yo small business operators who plan to buy boats typically contact you via your website and whether and how this leads to a sale.

SOCIALISE JOURNEY MAPS THROUGH DESIGN, SOFTWARE AND TEAMWORK

While 75% of Australian and New Zealand marketers in large organisations have customer journey maps, many don't use them to their full potential.



of Australian and New Zealand marketers in large organisations have customer journey maps

45% OF ORGANISATIONS THAT HAVE CUSTOMER JOURNEY MAPS RARELY USE THEM

Q: Customer journey maps are a tool that marketers use to visualise how different customers and customer groups interact with a company's customer touchpoints before, during and after a purchase. Please select the one answer that best applies to your organisation.

45%
We have prepared customer journey maps but rarely use them.



18%

We have prepared customer journey maps, use them regularly, and measure the customer experience at every point in the journey.

37%

We have prepared customer journey maps and use them regularly.

Source: Telsyte Australia & New Zealand Digital Marketer Study 2015, n=191 (organisations that have customer journey maps)

Design is one of the keys to ensuring journey maps are understood and used. Naturally, it helps if the journey maps are visually attractive, but design has a far more important role to play than this. Designers should ensure that journey maps convey the most important information, and in a way that can be actually used. This requires the designer to be a key member of the journey mapping team, not just the provider of a graphic design service that occurs at the end.

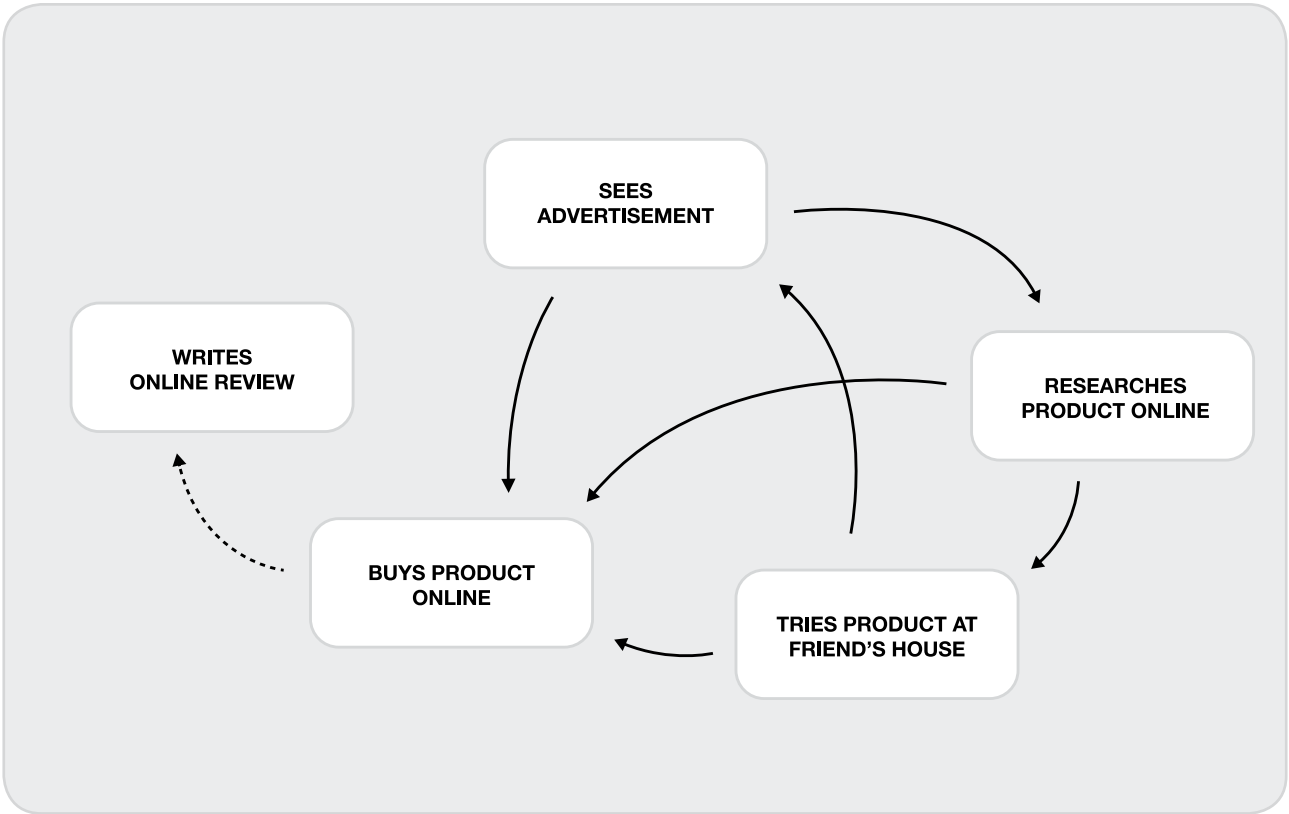
Designers have enormous flexibility in how they shape customer journey maps. For example, they could list the steps in a row from start to finish. This is the simplest approach. It leaves plenty of room on the page, which creates the opportunity to attach important information to each step, such as the name of the department responsible for creating a good customer experience at that point.

LINEAR JOURNEY MAPS CAN INCLUDE EXTRA DETAIL

SEES ADVERTISEMENT	RESEARCHES PRODUCT ONLINE	TRIES PRODUCT AT FRIEND'S HOUSE	BUYS PRODUCT ONLINE	WRITES REVIEW ONLINE
Responsibility: Marketing Department	Responsibility: Marketing Department	Responsibility: Product Engineering	Responsibility: Channel Partners	Responsibility: Marketing Department
Sentiment: Curiosity	Sentiment: Wariness	Sentiment: Desire	Sentiment: Caution	Sentiment: Satisfaction
Key Metric: Cost Per Conversion	Key Metric: Online Sentiment	Key Metric: Product Quality	Key Metric: Conversion Rate	Key Metric: Customer Rating

NON-LINEAR JOURNEY MAPS CAN REVEAL COMPLEXITY

Equally, designers could represent the customer journey as a circle, a spiral, a flow chart or a maze, to emphasise the fact that customers don't neatly travel from product discovery to product advocacy. This leaves less room for detail with each step, but better conveys the fact that customer journeys can link steps in varied and complex ways.



BUSINESS TRANSFORMATION IS HOW ORGANISATIONS RESPOND

Customer journey maps should make it clear how customers are behaving. Often, this will make it clear that customer behaviour is changing rapidly. This knowledge should prompt companies to reconsider their products, their sales and marketing strategies, and their entire business models. The whole-of-business change that this reconsideration can trigger is called business transformation.

At present, it feels like the whole economy is attempting to transform. Just 15% of Australian and New Zealand marketing leaders say their organisations are not focused on business transformation.

FOR HALF OF ORGANISATIONS BUSINESS TRANSFORMATION IS A RESULT OF CUSTOMER UNDERSTANDING EFFORTS

Q: Business transformation is the pursuit of entirely new ways of conducting business in response to new opportunities and marketing conditions. In your organisation, what is the role of marketing's leadership team in business transformation?

Our team promotes an understanding of the customer across the organisation, helping to shape its entire approach to business transformation

53%

Because of our organisation's business transformation efforts, our team has adopted new technology that reduces the cost of marketing

25%

Our team is not focused on business transformation

24%

Because of our organisation's business transformation efforts, our team has adopted new technology that increases the agility of marketing

15%

Our organisation is not focused on business transformation

15%

Source: Telsyte Australian & New Zealand Digital Marketer Study 2015, n=255

According to Professor John Kotter, who wrote the definitive study of business transformation, most business transformation efforts deliver some positive results, but few are as successful as they were supposed to be. According to Kotter, successful transformation requires a powerful

coalition within the organisation that establishes a sense of urgency, creates and communicates a new vision, empowers others to act on the vision, ensures there are short-term wins, and builds on these wins to stimulate more change and institutionalise new approaches.³

³ Professor John Kotter, "Leading Change", 2007

USE SOFTWARE AND INSIGHTS TO KEEP TRANSFORMATION ON TRACK

No part of a company is untouched by business transformation. The size of the undertaking creates a risk that something crucial — such as new knowledge about customers — may be forgotten. It's up to the corporate sponsors who decided to create personas and journey maps in the first place to ensure they play a key role in guiding how their organisation changes. This happens,

but not often enough, with roughly half of all Australian and New Zealand marketers saying that their team promotes an understanding of the customer across the organisation, helping to shape its approach to business transformation. To do better in this regard, marketers must focus on socialising, orchestrating and measuring customer journeys.

SOCIALISE CUSTOMER JOURNEY MAPS THROUGHOUT THE ORGANISATION

When it comes to motivating all parts of the organisation to remember the customer during business transformation, one of the keys is collaboration around the utilisation of personas and customer journey maps. Ensure every part of the organisation is involved in creating the customer journey maps. Ensure the company uses them to understand the customer, to prioritise steps in the journey, and to identify opportunities for change. Institutionalise them so that every product spec, every call centre script and every advertising brief directly references the personas they are intended to reach. Whether you are writing an internal business case to acquire new marketing services or convening a meeting about product returns, use the customer journey as your framework.

USE MARKETING SOFTWARE TO ORCHESTRATE CUSTOMER JOURNEYS

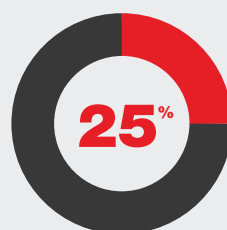
Personas and customer journey maps bring customers and their messy, complex journeys to life. To orchestrate the company's response to this complexity, marketers require a well-integrated marketing software suite with modern CRM at its heart.

For this reason, business transformation often involves the adoption of new marketing software, with 25% of marketers saying they've adopted technology that reduced the cost of marketing, and 15% saying they've adopted technology that increased marketing's agility.

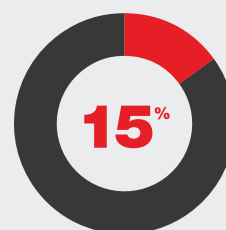
BUSINESS TRANSFORMATION OFTEN INVOLVES ADOPTING NEW MARKETING TECHNOLOGY

Q: Business transformation is the pursuit of entirely new ways of conducting business in response to new opportunities and marketing conditions. In your organisation, what is the role of marketing's leadership team in business transformation?

Because of our organisation's business transformation efforts, our team has adopted new technology that:



– reduces the cost of marketing.



– increases the agility of marketing.

Source: Telsyte Australian & New Zealand Digital Marketer Study 2015, n=255

To maximise the contribution that the marketing software suite makes to business transformation, marketers should use their software suites to choreograph complex customer journeys. Use the CRM at the heart of the suite to document each customer's decision cycle. Turn to the CRM for a single of view of each customer and their personal journey. Use the CRM to integrate a full suite of marketing automation, social media and other tools that reach every customer across every point in their journey.

BUILD YOUR STANDING WITH CUSTOMER-ORIENTATED MEASUREMENT

Once marketers start orchestrating the customer journey using CRM, they are in a position to start measuring all company activity from that perspective too. This will do much more than just arm marketers with the information they need to maximise customer lifetime value. This measurement also improves the marketer's standing within the organisation, which is particularly important during challenging periods of business transformation. Crucially, Australian and

New Zealand marketers that always measure the lifetime value of the customer expect a 16% budget increase on average, while those that don't measure this are on average expecting no increase. So, take the customer journey map and turn it into a measurement plan that precisely tracks the impact of every interaction on the customer experience and business outcomes.

MARKETERS THAT MEASURE WHAT MATTERS ARE MORE LIKELY TO BE REWARDED WITH BUDGET INCREASES

Q: Does your organisation plan to increase, decrease or keep its marketing budget similar in the financial year?

Q: How close are you to adopting each of these practices?

Practice: "We measure the lifetime value of each customer"

Response:	We always do this	We often do this	We can do this, but often we do not	We currently cannot do this	We might never be able to do this
Average Increase:	+16%	+4%	+1%	0%	0%

Practice: "We measure the entire customer experience"

Response:	We always do this	We often do this	We can do this, but often we do not	We currently cannot do this	We might never be able to do this
Average Increase:	+14%	+2%	+4%	+1%	0%

Practice: "We measure the impact of marketing activities on customer retention"

Response:	We always do this	We often do this	We can do this, but often we do not	We currently cannot do this	We might never be able to do this
Average Increase:	+16%	+2.4%	+2%	+3%	0%

Source: Telsyte Australian & New Zealand Digital Marketer Study 2015, n=255

TELSYTE RECOMMENDATIONS

Personas and customer journey maps are valuable tools, but they are most powerful when the entire organisation is ready to place them at the heart of its strategy and business transformation efforts. To do this, Telsyte recommends:

- If you do not already have high-quality personas and customer journey maps, invest in their creation:
 - Create professional personas and customer journey maps if you are able to invest in ethnographic research
 - Create assumption personas and customer journey maps if your resources are more constrained
- Either way, involve the following from the start:
 - Designers, to ensure all personas and customer journey maps are designed to communicate the knowledge that the company needs to be effective
 - All parts of the company — from IT to product to marketing, customer service and sales — to ensure universal buy-in
 - Data about each customer segment that inspired your personas, tracked through your CRM
- Embed the personas and customer journey maps in company practices, through:
 - Vivid communication: posters, PowerPoint presentations, etc
 - New expectations: such as the expectation that all marketing plans will be based on the personas
 - Using the customer journey as the basis of marketing measurement
- Use the customer knowledge contained in personas and journey maps to challenge the company's current assumptions about the future of its business
- During the business transformation this may trigger, observe Professor John Kotter's advice by building a powerful and customer-focused coalition within the organisation that:
 - Establishes a sense of urgency
 - Creates and communicates a new vision
 - Empowers others to act on the vision
 - Ensures there are short-term wins
 - Builds on these wins to stimulate more change and institutionalise new approaches
- Use the marketing software suite, with CRM at its heart, to:
 - Orchestrate the company's response to complex customer journeys
 - Measure the company's performance at every point in the journey

DEFINITIONS

Persona:

A fictional individual that represents a group of people with similar needs and behaviours

Customer Journey Map:

A visual model of the steps that customers follow as they find, buy, use or talk about your products

Ethnographic Research:

Cultural research based on interviewing customers and silently observing them as they live their lives

Assumption Persona:

A persona created without ethnographic research

ABOUT THIS REPORT

This report was commissioned by SugarCRM and independently produced by Telsyte. The report offers advice on how business leaders can use customer journey maps to guide their business transformation efforts.

This report was based on the Telsyte Australian And New Zealand Digital Marketer Study 2015, which was created using an online survey of 255 CMOs, marketing directors and other marketing decision makers, conducted in August 2015. Of the respondents, 221 were in large and very large corporations in Australia (defined as having greater than 100 employees), while 34 were in large and very large corporations in New Zealand (defined as having greater than 50 employees). The survey was conducted with a view to understanding attitudes, experiences and budgeting consideration for the forthcoming Australian financial year commencing July 2015.



ABOUT SUGARCRM

SugarCRM enables businesses to create extraordinary customer relationships with the most innovative, flexible and affordable CRM solution in the market. The company uniquely places the individual at the center of its solution—helping businesses transform the customer experience and enable highly personalized interactions that drive customer excellence and loyalty throughout the entire customer lifecycle.

SugarCRM delivers a fully transformed, personalized user experience that is immersive, engaging and intuitive. Sugar fuses the straightforward simplicity, mobility and social aspects of a consumer app with the business process optimization of conventional CRM. Recognized by leading market analysts as a CRM visionary and innovator, Sugar is deployed by more than 1.5M individuals in over 120 countries and 26 languages.

For more information about SugarCRM, visit www.sugarcrm.com.au



ABOUT TELSYTE

Telsyte delivers strategic insights and advisory services to businesses that are producing, or are impacted by, disruptive technologies. Telsyte publishes studies into emerging consumer and business markets and provides custom research and advisory services.

Telsyte is an independant business unit of CSC.

For more information about Telsyte, visit www.telsyte.com.au

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