

How Engaged Are Your Customers?

A commissioned study conducted by Forrester Consulting
on behalf of Adobe Systems Incorporated

September 2008

Table Of Contents

Executive Summary	3
Today's Customers Want To Be Engaged	4
Companies See The Internet As Key To Customer Engagement	4
And Expect Engagement To Drive Higher Loyalty And Sales	7
How Engaged Are Customers?	9
Engagement Metrics Are Headed In The Right Direction	11
But They Still Don't Tell The Whole Story	12
To Really Understand Engagement, Measure Less	13
Avoid Common Engagement Measurement Mistakes	16
Engagement: What It Means For IT	18
To Date, We've Been Recreating the Offline Experience	18
The New Route Requires Letting The Community Drive	19
And Different Navigation Systems Will Be Required	20
Conclusion	20
Appendix A: Supplemental Material.....	21
Related Forrester Research	21
Methodology.....	21
Appendix B: Endnotes.....	22

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Executive Summary

Today's customers are harder to win and keep. To meet this challenge, companies are focused on fostering customer engagement: creating deep connections with customers that drive purchase decisions, interaction, and participation over time. Customer engagement drives clear benefits for organizations that serve both businesses and consumers, such as improving sales and loyalty, exposing valuable leads, and providing better customer insight. But it is a complex endeavor and many companies are struggling with how to measure their success. The purpose of this report is to provide guidance on quantifying the level of engagement of customers and tracking improvement over time.

In exploring this topic, Forrester Consulting conducted a survey commissioned by Adobe of more than 200 business decision makers at companies around the globe to understand how they measure engagement in their organizations and the technologies they use to support customer engagement. This research revealed that firms are using a variety of channels to engage customers, and believe that the Internet is essential to forming and deepening these relationships. Specifically, respondents reported that they are investing more in online engagement programs and experimenting with new forms of technology-enabled participation. They expect to benefit from these investments through increased loyalty, sales, and peer recommendations.

Yet against this backdrop of high expectations for customer engagement, many organizations struggle to determine how engaged their customers are. Survey participants cited a wide variety of metrics for engagement including measurements of results (such as sales volume), emotion (such as customer satisfaction), and engagement with the Web site (such as frequency of site visits). These measures are on the right track and fall into the four dimensions of Forrester's framework for customer engagement: involvement, interaction, intimacy, and influence.

Still, the survey research revealed that current approaches to measuring engagement are missing some critical elements. Companies are finding it difficult to fill in the gaps because some data about customer engagement is difficult (or impossible) to gather, behavior often can't be tied to a specific customer, and there is no universal formula for putting it all together.

To overcome these barriers and better understand customer engagement, companies should simplify their measurement efforts. Companies are better off focusing their measurement efforts on the behaviors and opinions that best represent the ideal form of customer engagement, and tracking just a few key pieces of data about each one. Firms should start by identifying the ten most important things that engaged customers and prospects do. They should then track the adoption, frequency, and intimacy metrics associated with these activities on a customer engagement dashboard.

In creating this dashboard, firms should be careful not to over-emphasize a channel because it is easy to track. They should also work to develop engagement archetypes that describe common patterns of engagement that exist within a company's base of customers and prospects. Finally, companies should correlate engagement metrics with business objectives.

Although this effort to quantify customer engagement will be driven from within marketing and sales, it will require deep levels of partnership with IT. IT will need to change and adapt to the requirements driven by the emerging technologies that promise to be the drivers of higher customer engagement.

Today's Customers Want To Be Engaged

With greater access to information, more sensitivity to price, and less sensitivity to advertising, today's customers are harder to win and keep. The key to acquiring and retaining customers in this environment is to engage them, to participate in an ongoing, two-way conversation with customers that creates:

- **A deep emotional connection with the brand.** Engaged customers have strong positive feelings about a brand ranging from high brand affinity to passionate zeal.
- **High levels of active participation.** Engaged customers don't just feel strongly about a brand, they act on those feelings. These individuals proactively visit stores or Web sites to check out what's new, talk about the brand with family, friends, and colleagues, visit online forums to get advice from professional peers, provide feedback that makes products and services better, and contribute content that helps other people buy, try, or use the company's products more effectively.
- **A long-term relationship.** Engaged customers interact with their favorite or most useful brands regularly. And with each positive interaction, their affinity for the brand is strengthened, making them more likely to return, repurchase, or extend a contract.

Companies See The Internet As Key To Customer Engagement

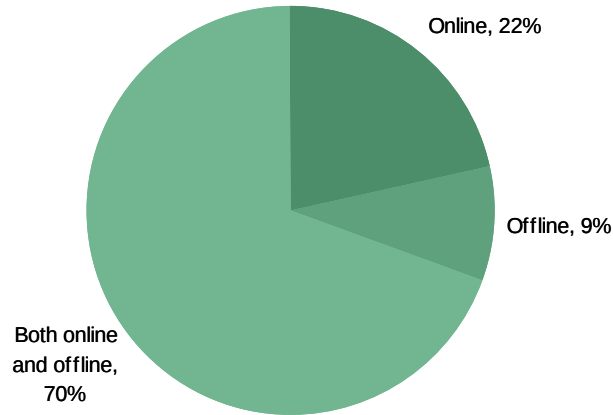
What do firms do to engage with customers in this way? To find out, Forrester Consulting conducted a survey commissioned by Adobe of more than 200 business decision-makers — including customer service, support, and marketing professionals — from around the world about their customer engagement efforts.¹ Results show that:

- **Engagement activities span channels.** The Web might be more ubiquitous, addressable, and measurable, but physical locations and interpersonal interactions still matter. More than 70% of respondents to our survey said that their primary customer engagement programs involve both offline and online touch points (see Figure 1).
- **Online engagement programs will skyrocket this year.** Although most companies said they use the Web to engage customers in some way today, only 41% said they rely heavily on digital technologies to drive customer engagement (see Figure 2). But when we asked how heavily they will rely on these technologies 12 months from now, this number jumps to 70%.
- **Technology choices focus on making the Web site more engaging.** More than 60% of respondents said their firms use Rich Internet Applications and multimedia on their Web sites, both of which have the potential to enhance interaction (see Figure 3). A similar percentage use online forms that enable customers and prospects to complete key transactions online and companies to gather information about buyers and influencers who are willing to provide personal information.
- **Firms plan to experiment with new forms of technology-enabled participation.** Many respondents to our survey said they plan to add technologies such as online customer reviews, mobile Web sites, and user-generated content to their portfolios over the next year (see Figure 4). This comes as no surprise, given that tools like these offer customers a new way to engage with brands. And, when implemented properly, this type of technology also provides a reason for customers to return to a Web site again and again (see Figure 5).

How Engaged Are Your Customers?

Figure 1: Most Firms' Top Engagement Strategy Has Online And Offline Components

"Would you categorize this strategy, program, technology, or tool to enhance customer engagement as online, offline, or both?"

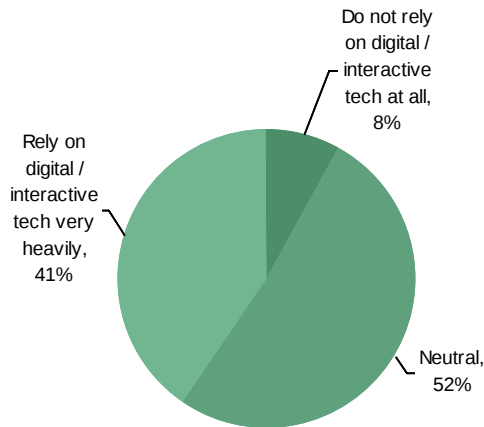


Base: 213 global executives involved in customer engagement

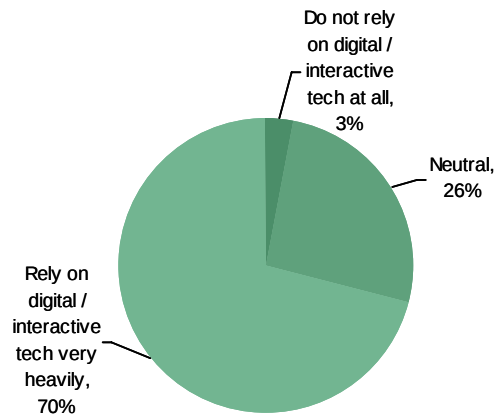
Source: "Measuring Customer Engagement," a commissioned study conducted by Forrester Consulting on behalf of Adobe Systems Incorporated, May 2008

Figure 2: Use Of Digital Technologies To Engage Customers Will Grow Sharply In 2009

"To what extent does your company currently rely on interactive digital technologies to build and enhance customer engagement?"



"To what extent do you think your company will rely on these technologies to build and enhance customer engagement 12 months from now?"



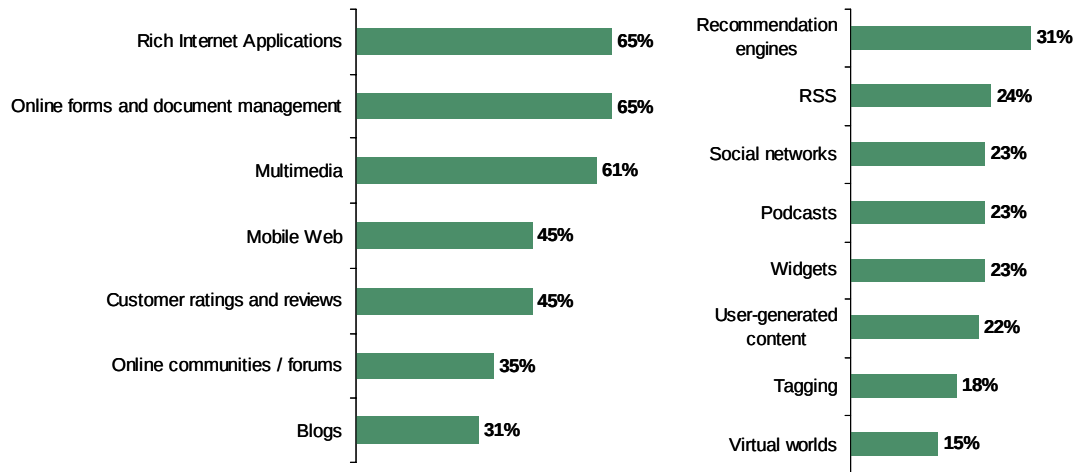
Base: 213 global executives involved in customer engagement

Source: "Measuring Customer Engagement," a commissioned study conducted by Forrester Consulting on behalf of Adobe Systems Incorporated, May 2008

How Engaged Are Your Customers?

Figure 3: The Most-Used Digital Technologies Make Web Sites More Engaging

“Does your company currently use or participate in any of the following types of interactive / digital technologies or tactics to enhance your customers’ engagement with your company or brand?”

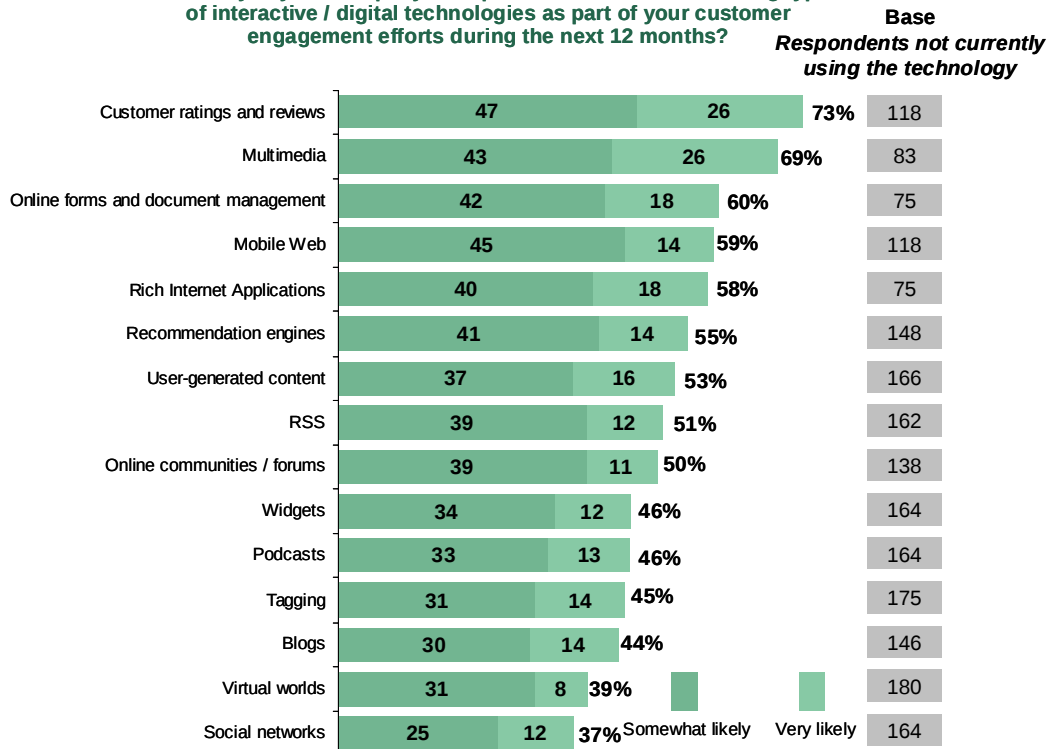


Base: 213 global executives involved in customer engagement

Source: “Measuring Customer Engagement,” a commissioned study conducted by Forrester Consulting on behalf of Adobe Systems Incorporated, May 2008

Figure 4: Technologies Adoption Plans Offer New Ways For Customers To Participate

“How likely is your company to implement each of the following types of interactive / digital technologies as part of your customer engagement efforts during the next 12 months?”



Source: “Measuring Customer Engagement,” a commissioned study conducted by Forrester Consulting on behalf of Adobe Systems Incorporated, May 2008

Figure 5: Emerging Technologies Create More Reasons – And New Ways – To Participate

Technology	How It Drives Engagement
Customer ratings and reviews	• Gives existing customers a reason to come back to the site post-purchase. • Provides better information to shoppers, making it more likely they'll choose the site or brand when they buy.
Podcasts	• Lets customers access information and learn more about products and services whenever they want. • Gives customers access to expert, thought-leading information in a "news radio" format.
Mobile Web	• Enables people to interact with the firm's Web site when they are away from their PCs, increasing the frequency of interaction. • Can provide new tools that enable users to participate in such activities as mobile blogging or real time news reporting. • Enables professionals to monitor service requests or quotes while on the road for business travel.
Online forums	• Helps customers support each other, share tips, and tap into community expertise. • Customers can vote on or suggest new products or features.
Real Simple Syndication (RSS)	• Provides a reason for customers to interact with the company regularly as new content is pushed out via the feed. • Comments on feed items enable customers to voice their opinions rather than just listen to what is being said. • Enables companies to communicate updates such as service upgrade notices to the entire customer base at once.

Source: "Measuring Customer Engagement," a commissioned study conducted by Forrester Consulting on behalf of Adobe Systems Incorporated, May 2008

And Expect Engagement To Drive Higher Loyalty And Sales

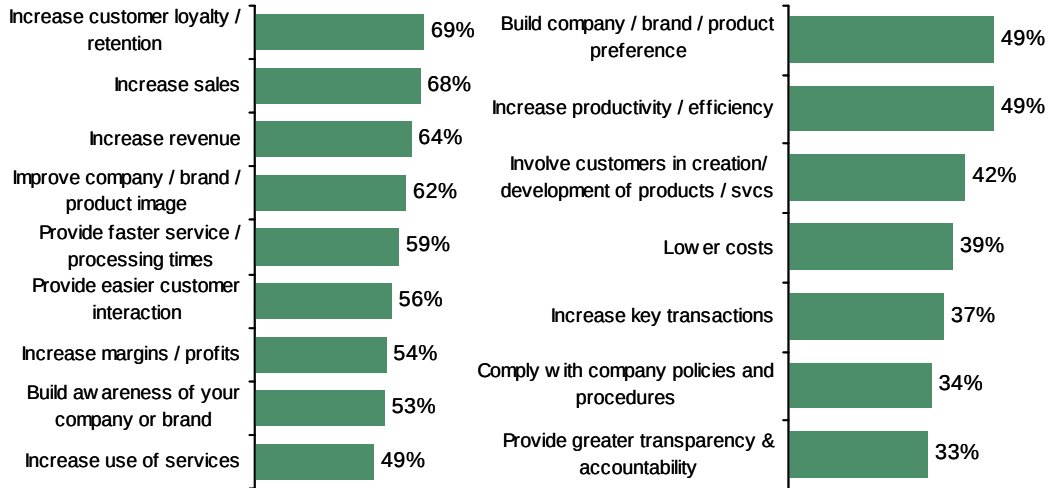
Given the time and energy firms spend on customer engagement, we wanted to understand how companies expect to benefit from those efforts. The data shows that firms expect customer engagement programs to affect the business by creating a customer base that:

- **Is more loyal.** Increased customer loyalty and retention was the most common business goal for customer engagement programs among survey respondents, 69% of firms citing this as a key objective (see Figure 6).
- **Buys, renews, or upgrades more products, more often.** Almost as many respondents, 68%, said they expect higher customer engagement to lead to increased sales. Follow-up questions showed that firms expect at least some of those increases to come from existing customers who, when more engaged, make more frequent purchases.
- **Recommends the brand to others.** Past Forrester research shows that firms also believe engaged customers will advocate on their behalf and promote the company's brand to friends, peers, colleagues, family, and even strangers online in a way that fuels customer acquisition.² Word-of-mouth consumers not only help bring in new customers, they are also more likely to be loyal themselves: 67% of consumers who give and receive advice about products express significant loyalty to that brand.³

How Engaged Are Your Customers?

Figure 6: Loyalty And Sales Are The Top Business Goals For Customer Engagement

“When your company considers strategies that enhance or build customer engagement, what are the specific business goals your company is attempting to achieve?”



Base: 213 global executives involved in customer engagement

Source: “Measuring Customer Engagement,” a commissioned study conducted by Forrester Consulting on behalf of Adobe Systems Incorporated, May 2008

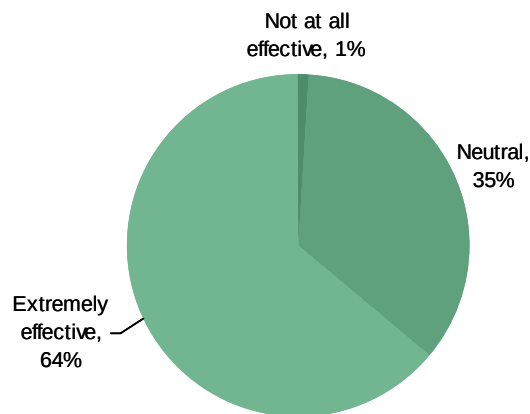
How Engaged Are Customers?

The big question facing executives in charge of customer engagement programs is: “Is what we’re doing actually working?” The majority of respondents to our survey think that it is (see Figure 7). But to really be sure, they must define how fully-engaged customers compare to those who are less engaged, use these criteria to assess and segment buyers, measure the level of engagement among them, and track how it changes over time. We asked survey participants how they go about doing this, and found that metrics used to track engagement fall into three categories:⁴

- **Results.** Of the 10 most popular metrics used to track engagement, three — sales volume, new customer acquisitions, and customer retention — capture business goals for customer engagement programs (see Figure 8).
- **Emotion.** Also popular were metrics or data points that capture the emotional side of engagement. Examples include opinions expressed during customer service calls, customer satisfaction ratings for Web sites, and satisfaction ratings for products and services. Although not as popular, metrics such as brand affinity were seen as highly effective measures of engagement among firms that use them.
- **Web site activity.** Rounding out the list of most popular metrics were those that capture levels of customer activity on firms’ Web sites, such as frequency of site visits and logins, average number of pages viewed per visit, and completeness of information submitted by customers in online forms.

Figure 7: Most Firms Believe Their Customer Engagement Programs Are Effective

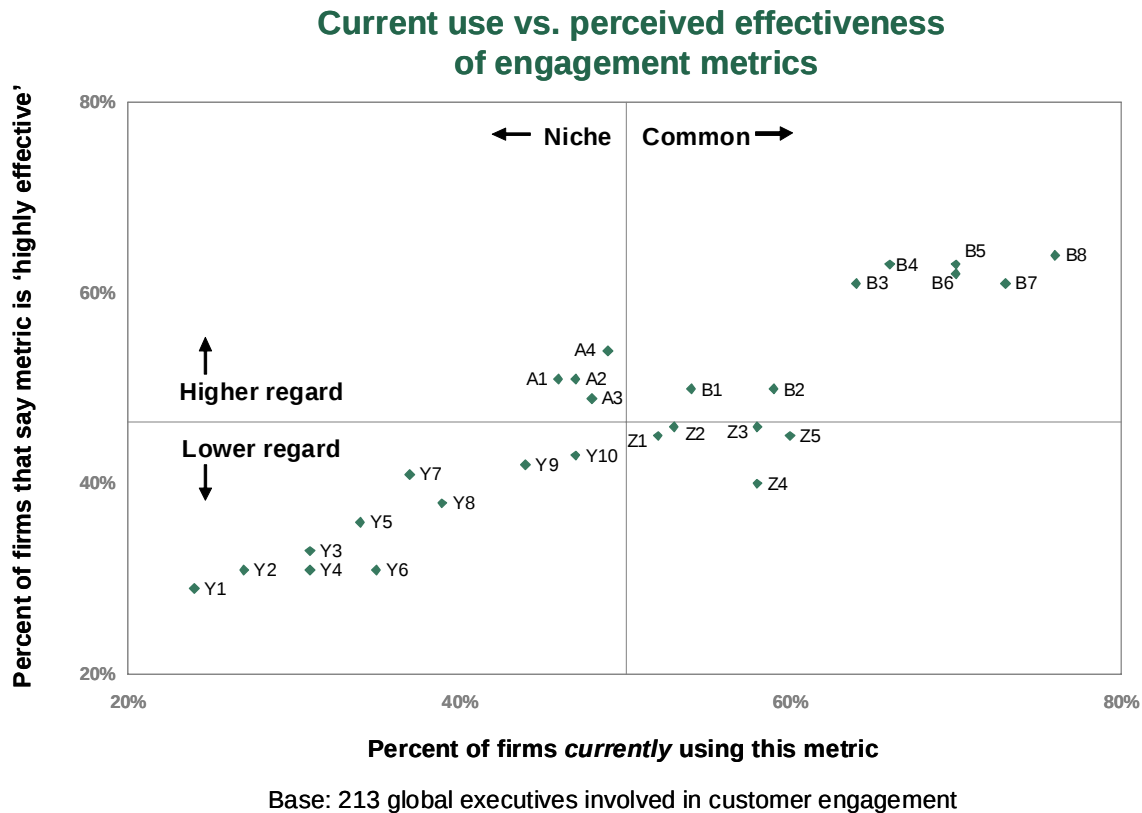
“How effective are your company’s current customer engagement efforts overall?”



Base: 213 global executives involved in customer engagement

Source: “Measuring Customer Engagement,” a commissioned study conducted by Forrester Consulting on behalf of Adobe Systems Incorporated, May 2008

Figure 8: Engagement Metrics By Popularity And Perceived Effectiveness



Metrics	
•A1: Brand equity ratings •A2: Brand affinity ratings •A3: Loyalty/likelihood to recommend, Net Promoter score •A4: Brand awareness measures	•B1: Satisfaction ratings for Web site features / functions •B2: Completeness of information submitted by customers in online forms or work flow processes •B3: Customer retention measures •B4: Satisfaction ratings for products / services •B5: Volume of new customer acquisitions •B6: Opinions expressed in customer service calls •B7: Monitoring of customer complaints •B8: Sales volume
•Y1: Friend connections on social networks •Y2: Sentiment tracking on third-party Web sites •Y3: Web site content forwarded to friends •Y4: Posts on high-profile blogs •Y5: Photos or videos created by customers and uploaded to the Web •Y6: Tagged content •Y7: Quantity / frequency of written reviews, blog comments, forum discussions, and user-generated content •Y8: Sentiment tracking of internal customer contributions •Y9: Volume of transactions started in one channel and completed in another •Y10: Average number of Web site keyword searches using the site's search feature per customer's visit	•Z1: Completion rate for customer-initiated online transactions •Z2: Average time spent on Web site per customer's visit •Z3: Number of Web site logins per customer •Z4: Average number of Web site pages viewed per customer visit •Z5: Frequency of Web site visits per customer

Source: "Measuring Customer Engagement," a commissioned study conducted by Forrester Consulting on behalf of Adobe Systems Incorporated, May 2008

Engagement Metrics Are Headed In The Right Direction

Companies are on the right track with the engagement metrics they collect. In fact, the most popular data points among the respondents to our survey correspond nicely to the four dimensions of Forrester's own customer engagement framework (see Figure 9).⁵ These dimensions are:

- **Involvement — the presence of a person at the various brand touch points.** Involvement metrics include a count of visits to physical stores, trade show booths, call centers, and the company's Web site. The primary involvement metric we asked about, Web site visits, is tracked by 60% of the firms that responded.
- **Interaction — the actions people take while present at key touch points.** Examples of interaction include testing out merchandise in a store, conversing with employees, reading content on a Web site, taking a sales call, conducting a trial, watching a demo, and completing transactions. More than 50% of respondents said they track actions like these, including logins to a Web site, page views, and completed transactions.
- **Intimacy — the affection or aversion a person holds for a brand.** Intimacy metrics include overall brand affinity, brand perception, customer references given, and attitudes expressed by customers when talking about the brand to others. More than two-thirds of respondents said they have in their engagement measurement frameworks metrics that capture this kind of emotion.
- **Influence — the likelihood a person will advocate on behalf of the brand.** Influence metrics include likelihood to recommend as well as actual recommendations to friends, family, colleagues, peers, and others. These are the least common type of engagement metric, only 48% of survey respondents tracking likelihood to recommend and even fewer monitoring the number of recommendations made on third-party Web sites.

Figure 9: Today's Metrics Map To Forrester's Customer Engagement Framework

Dimension	Definition	Metrics
Involvement	The presence of a person at the various brand touch points	•Frequency of Web site visits per customer (60%)
Interaction	The actions people take while present at key touch points	•Completeness of online forms (59%) •Average page views per visit (58%) •Web site logins per customer (58%) •Completion rates for online transactions (53%) •Average time spent per Web site visit (52%) •Average site searches per visit (47%)
Intimacy	The affection or aversion a person holds for a brand	•Monitoring of customer complaints (73%) •Opinions expressed in customer service calls (70%) •Satisfaction ratings for products and services (66%) •Satisfaction ratings for Web site (54%) •Brand affinity ratings (47%) •Sentiment tracking of customer contributions (39%)
Influence	The likelihood that a person will advocate on behalf of the brand	•Likelihood to recommend (48%) •Quantity/frequency of written reviews, blog comments, forum entries, and user-generated content (37%)

Source: "Measuring Customer Engagement," a commissioned study conducted by Forrester Consulting on behalf of Adobe Systems Incorporated, May 2008

But They Still Don't Tell The Whole Story

Despite the fact that companies are thinking about the right kind of metrics for engagement, our research shows that they still struggle to understand engagement overall. This is largely because:

- **Some engagement data isn't easy to get.** Digital channels are more measurable than physical channels, but customers still use call centers, sales calls, face-to-face meetings, and physical stores to achieve most of their goals. Unfortunately, it's extremely difficult, if not impossible, for companies to know everything that happens during a store visit or a conversation with friends. Firms have an especially hard time tracking interactions such as purchases or account updates that don't include recordable transactions.
- **The data that is available is spread out across the company.** Most firms use specialized measurement tools to track engagement that occurs in customer-facing channels. However, different groups within the organization own these systems and often collect data at different levels of granularity, making it difficult to bring information from multiple channels together (see Figure 10).
- **Behavior can't always be tied to a specific customer.** Key activities such as cash store purchases, Web site visits, and even some survey responses are hard to trace back to an individual customer or purchase influencer. Anonymous data can be used to generate aggregate statistics about the customer base as a whole, but does little to help create an engagement profile for a specific individual who participates in the purchase process.
- **There is no universal formula for putting it all together.** Companies often ask for an engagement formula, a master equation they can use to combine disparate metrics into a single, magic number. But no such equation exists, and it likely never will. Why not? First, because engagement isn't that precise. Customers act based on emotion *and* logic, so finding a mathematical equation that accurately represents their unpredictable behavior is extremely difficult. Second, engagement models need to be tailored to a specific company. The same level and type of engagement can mean different things to different people, so firms must decide what constitutes "good" or "high" engagement based on their own unique business model and approach to serving customers.

Figure 10: Data About Engagement With Channels Is Spread Across Different Systems

Channel	How it's measured	Who typically owns the data
Web site	•Web analytics platforms •eCommerce platforms	•Marketing •eCommerce/eBusiness
Phone – IVR	•IVR analytics •Speech analytics	•Customer service •IT •Operations
Call center	•Contact center platform •Agent analytics	•Customer service •IT •Operations
Store	•POS systems •Loyalty club data	•Store operations •Marketing
Sales interactions	•SFA system •Campaign management app	•Sales •Marketing

Source: "Measuring Customer Engagement," a commissioned study conducted by Forrester Consulting on behalf of Adobe Systems Incorporated, May 2008

To Really Understand Engagement, Measure Less

Given all the challenges inherent in trying to measure customer engagement, what should firms do to get the best, most complete picture possible? In a word — simplify. It's tempting to try to measure every touch point, every action, every call, and every opinion that represents the high level idea of "customer engagement." But realities of time, resources, and complexity make that impractical. Companies are better off focusing their measurement efforts on the behaviors and opinions that most represent the ideal form of customer engagement, and tracking just a few key pieces of data about each one. What are those critical few behaviors and data points? To find out, companies should:

- 1. Identify the ten most important things that engaged customers and prospects do.** List all the channels in which customers can interact with the brand, and the things they can do in each channel. Prioritize the entries in that first list, giving more weight to activities that affect the bottom line, require a high level of effort from the customer, or are initiated by the customer without prompting from the firm (see Figure 11). For most organizations, the top two activities will be purchases and recommendations. Other candidates include visits to a store, creation of content for a blog, discussion thread or contest, requests for product configurations, pricing, or proposals, and participation in market or product research efforts.
- 2. Define which channels support each form of engagement.** The activities on this top-ten list are likely performed through more than one channel. For example, customers research products in a store (e.g., by reading a brochure, using a kiosk, or talking to an employee), over the phone (e.g., by talking to a service rep), and online (e.g., by downloading collateral, clicking on options, or sorting by style, color, or price). List the channels through which each activity can happen today, and identify the internal systems that contain data about what goes on in each one so you'll know where to go to get data later on.
- 3. Track how many people do any of these activities.** The simplest way to measure engagement is to look at the percentage of customers who exhibit *any* of the behaviors that you've deemed "engaged" behaviors. Start by asking a representative sample of customers and prospects which, if any, of the specific engagement activities they've done in the past year. Calculate the percentage of people who have done zero, one, two, three, etc. of the target activities. If the segment of people who do multiple high-value activities is large, the customer base as a whole can be deemed highly engaged. Now, it's true that this is just one of many dimensions of engagement. But this approach, though simple, is highly actionable because it enables companies to track whether or not programs designed to get customers and prospects to do things they don't normally do are working.
- 4. Capture frequency metrics in addition to program adoption.** In addition to profiling engagement activities across the customer base, firms should track the average number of times a purchase decision-maker performs these activities in the course of a week, month, or year.⁶ For physical channels and offline, word-of-mouth recommendations, firms will have to rely heavily on surveys that ask customers how often they do key activities. But wherever possible, companies should use the frequency metrics calculated by their existing Web, email, and call center analytics packages. Although these metrics reflect just one aspect of engagement, they enable companies to understand the success of programs designed to get current customers to act more quickly and do more of what they already do.
- 5. Measure intimacy using surveys and sentiment tracking.** To measure the emotional side of engagement, firms should again focus on choosing just one or two metrics that represent the type of intimacy they want their customers to feel. Candidate metrics include

How Engaged Are Your Customers?

brand affinity, brand preference, customer satisfaction, willingness to serve as a customer reference, and Net Promoter score. Regardless of the specific intimacy metrics in use, firms should calculate both the average rating from customers and the percentage of customers who exhibit strong, neutral, and weak emotional connections based on their answers. Once survey-based metrics are in place, companies should consider adding sentiment metrics from third-party brand monitoring services to summarize the volume and tone of sentiments expressed outside the walls of the company. These services are likely to reveal feelings that customers might not express when asked directly, and can be valuable for measuring the success of the social marketing tools and initiatives many companies indicated they plan to add in 2009.

6. **Summarize adoption, frequency, and intimacy metrics in a single dashboard.** To get a sense of the overall direction of customer engagement, firms should aggregate the three types of metrics listed above onto a master engagement dashboard (see Figure 12). The dashboard should show the current value for each metric as well as the change in that metric over a time period appropriate for the business. The goal is to have a positive change in each of the metrics on a regular basis. The dashboard can, and should, also indicate goals for lifting each metric and how well the organization is progressing toward those goals.
7. **Generate the engagement dashboard regularly.** The data needed to populate an engagement dashboard like the one described here will come from a variety of sources, most of which are not integrated. That means the process for generating the report is likely to include both manual and automated components. Even so, firms that invest heavily in engagement programs need these metrics to guide their efforts. They must allocate the required resources to produce an engagement dashboard so they aren't flying blind as they execute engagement initiatives. Once executives see the power of these metrics, they'll be more likely to allocate funding for a better data collection and reporting infrastructure.

Figure 11: Sample “Top-Ten” List of Actions That Engaged Customers Take

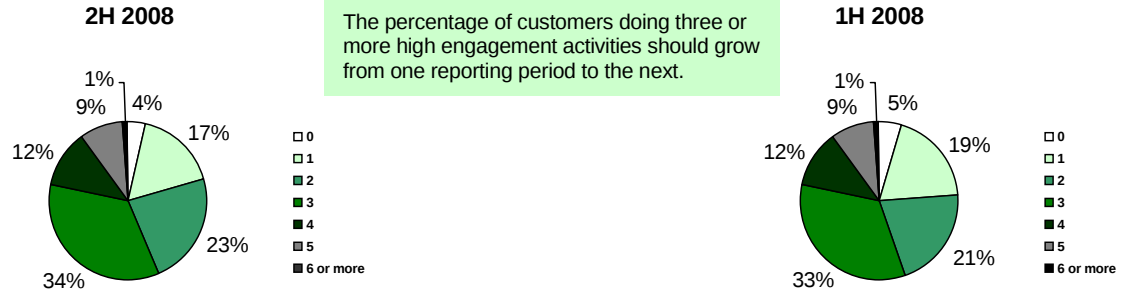
Dimension	Activity	Why It Matters
Involvement	Visit to a store	Requires the customer to drive, walk, or ride to get there
	Visit to a Web site with no referring campaign, or from search on a branded keyword	Shows a proactive interest in engaging with the brand, not prompted by company communications
	Attendance at a Webinar	Requires the prospect to register, schedule, attend at a specified time, and field follow-up sales calls
	Participation in a focus group	Requires effort on the part of the customer, and signals a strong interest in the future of the brand
Interaction	Purchase	Directly affects the bottom line
	Take a sales call	Requires that the decision-maker schedule time for participants to meet, engage, and discuss the results
	Use an in-store demo	Indicates a high level of interest in the product
Influence	Submit a product review online	Requires effort by the customer to complete, and is likely to influence potential buyers
	Forward content or a product via email	Ties the customer's reputation to the brand, and may raise awareness among prospects
	Record a testimonial	Associates personal and company reputation with the brand
	Post about the brand to a personal blog	Associates the customer's personal reputation with the brand

Source: “Measuring Customer Engagement,” a commissioned study conducted by Forrester Consulting on behalf of Adobe Systems Incorporated, May 2008

How Engaged Are Your Customers?

Figure 12: A Sample Engagement Dashboard, Page 1

Engaged activities per customer



Activities/customer (average): 1H 2008 = 2.1, 2H 2008 = 2.4 ↑

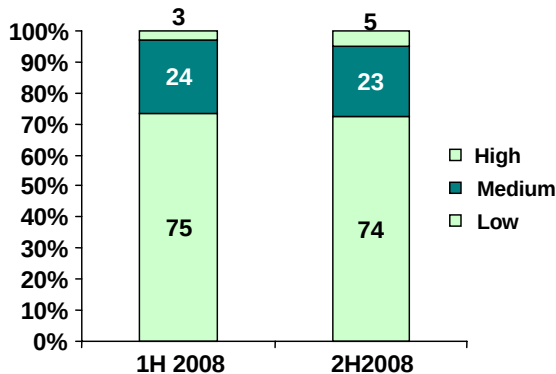
Engaged activity adoption rates

	1H 2008	2H 2008	% Change	Target
Purchase	79%	80%	1.2% ↑	2%
Recommend	30%	32%	6.6% ↑	5%
Store visit	62%	61%	1.6% ↓	3%
Unprompted Web visit	39%	45%	15.3% ↑	10%
Online review	4%	4.5%	12.5% ↑	20%

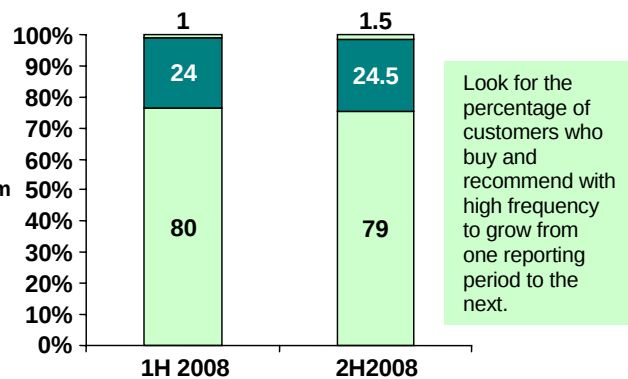
Engagement frequency (average/customer/month)

	1H 2008	2H 2008	% Change	Target
Purchase	0.4	0.41	2.5% ↑	2%
Recommend	0.01	0.01	0%	1%
Store visit	0.3	0.3	0%	1%
Unprompted Web visit	0.2	0.4	100% ↑	20%
Online review	0.001	0.001	0%	5%

Purchase frequency (all customers)



Recommend frequency (all customers)



Source: "Measuring Customer Engagement," a commissioned study conducted by Forrester Consulting on behalf of Adobe Systems Incorporated, May 2008

Avoid Common Engagement Measurement Mistakes

The idea of “customer engagement” is still in its early days, and most companies are just beginning to get more disciplined about their approach to driving higher engagement. Even so, there are some important lessons learned to date of which firms just starting out should be aware. Important ideas to keep in mind, regardless of where you are on the engagement maturity continuum, include:

- **Don't over-emphasize a channel just because it's easiest to track.** It's easy to think call center and Web metrics are most important because you have more of them. But many important forms of engagement are still offline, especially in industries in which eCommerce isn't the norm like business services and healthcare. Make sure that key metrics for engagement are chosen based on value of activities to the business and the customer, not how easy they are to track. When the engagement metrics correlate strongly with business priorities, leaders are more likely to see the potential of the data to guide their decisions, and thus fund efforts to close gaps in the existing measurement infrastructure.
- **Aim to create engagement archetypes, not collect scores.** Firms want to define engagement metrics to help them make better business decisions. It's not clear that being able to say a customer has an engagement level of “4” or “8” will really do that. What's more helpful are engagement archetypes that describe common patterns of engagement that exist within a company's base of customers and prospects. For example, a consumer electronics retailer might identify a group of customers called “Semiactive Participants” who have moderate to high levels of participation, but low levels of intimacy (see Figure 13). Once aware of this customer type, the company can more easily recognize people who fit this pattern, learn why they act and feel the way they do, and use the information to design programs to turn at least some of them into brand advocates (see Figure 14).
- **Correlate engagement measures with financial measures.** To get attention and support across the enterprise, engagement leaders need to show how higher levels of customer engagement reduce the cost of sales (efficiency) or drive a greater share of revenue (effectiveness). Financial measures of efficiency include reduced transaction cost, improved employee productivity, and improved marketing spend per customer. Effectiveness measures represent a potentially greater share of the value and include higher customer conversion, greater market share, and improved lifetime customer value. Organizations should prioritize these metrics according to the value of having the data to drive business decisions and how much it costs to actually calculate the metric in question. Metrics will likely fall into four categories: 1) No-brainers (low cost to collect, high value); 2) Why-nots (low cost, low value); 3) Plan-aheads (high cost, high value); and 4) Don't bothers (high cost, low value).

How Engaged Are Your Customers?

Figure 13: Sample Engagement Archetype - The Semiactive Participant

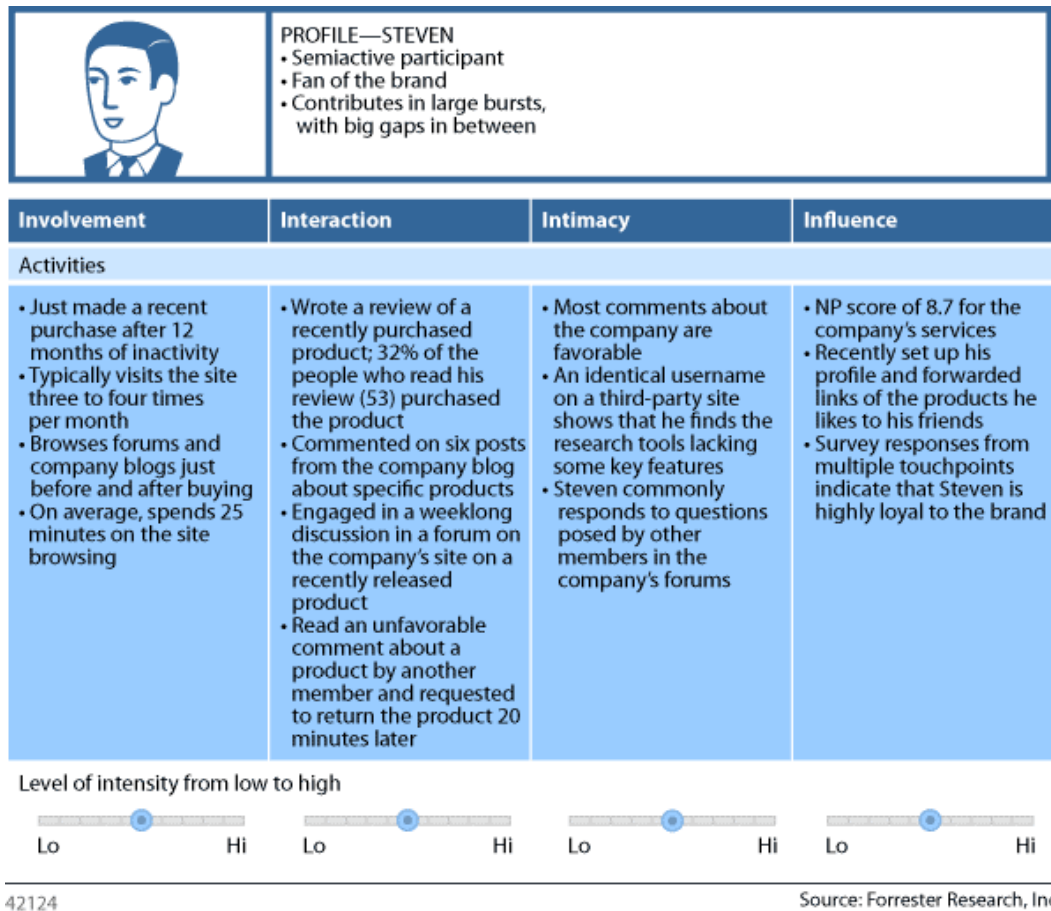
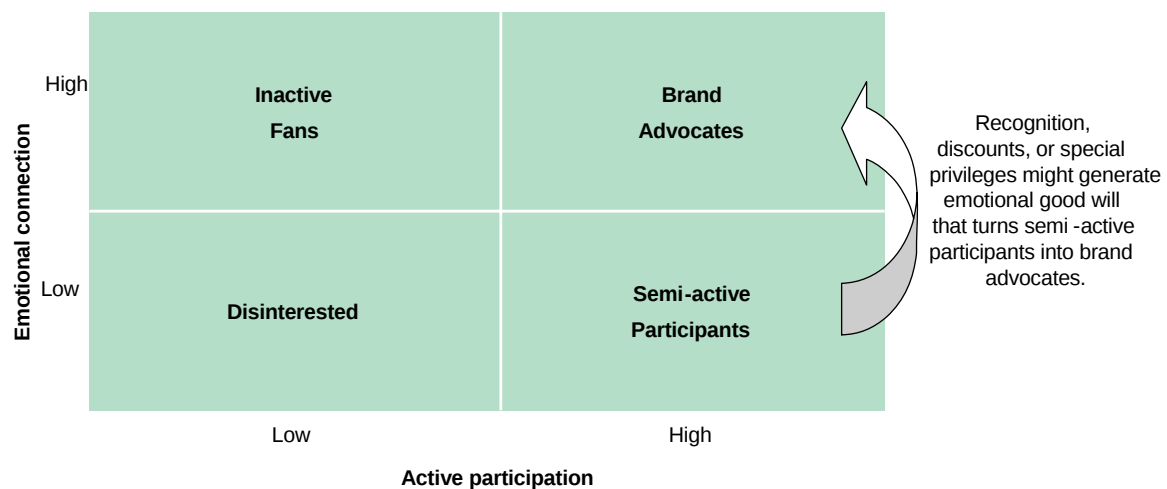


Figure 14: Target Programs To Move Customers From One Engagement Group To Another



Source: "Measuring Customer Engagement," a commissioned study conducted by Forrester Consulting on behalf of Adobe Systems Incorporated, May 2008

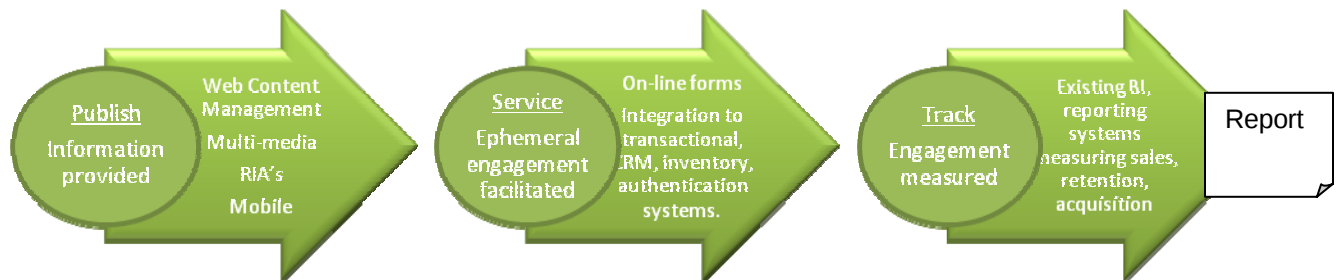
Engagement: What It Means For IT

Customer engagement efforts at most firms are driven by business functions like marketing, customer experience, and customer service. The role of IT in engagement efforts to date has been to help business partners reliably and securely replicate an engaging, face-to-face experience in digital channels, and to collect the data necessary to support engagement measurement. Much of that data has come from systems that are under IT's control, giving it an important role in the engagement tracking process. But as business leaders look to expand customer engagement programs to include new tools and technologies, IT will play a new and different role in the engagement process.

To Date, We've Been Recreating the Offline Experience

The technologies that our survey respondents identified as significant drivers of customer engagement — things like Rich Internet Applications and online forms — are key technologies for extending existing offline relationships to the online channel (see Figure 3). IT has played a key role in implementing these technologies to provide users with the richest possible online experience, one that approximates or augments the offline experience. The phases of the relationship life cycle in which these technologies help create engagement are well identified, as are the required technologies (see Figure 15).

Figure 15: IT's Role In Servicing Existing Engagement Life Cycle



Source: A commissioned study conducted by Forrester Consulting on behalf of Adobe Systems Incorporated, 2007

The technology underpinnings that drive these forms of customer engagement are complicated but well understood by IT. They have the following characteristics:

- **Interactions tend to be ephemeral.** Users are accessing information provided by the organization and engaging in well-defined information gathering, buying, and customer service transactions. The quality of the interaction and, hence, level of engagement is measured by the effectiveness of providing users with the ability to efficiently complete the ephemeral relationship, which is often transactional in nature.
- **Engagement tends to be measured by existing reporting systems.** Engagement is defined in terms of known metrics that are well understood and defined in existing business intelligence and reporting systems. The metrics that populate these reports are likely to be the same for disconnected and connected relationships.

- **These systems are most often deployed in the data center.** Content is served through well-defined processes. Authentication and security are driven by IT requirements. Integration with existing inventory, transactional, and customer service systems is essential to success. IT owns responsibility for the security and integrity of the interaction.

The New Route Requires Letting The Community Drive

As user-generated content in the form of online communities, blogs, forums and social networks begins to emerge as a major source of information and means of engaging with brands, the role of the organization and IT will change dramatically to accommodate the following shifts:

- **Content will be monitored, not published.** In a highly-controlled environment, no content can be published without proper approval. In the world of user- and community-generated content, the role of IT will be to ensure that the community operates in an appropriate manner regarding respect for established decorum, security, and privacy. IT will need to ensure that proper tools are in place for monitoring, retracting, and, in some instances, approving content.
- **Systems will be sanctioned, not deployed.** For many of these initiatives, the role of IT will change to one of facilitation and sanctioning rather than acquiring and deploying. Security will remain a major concern, but will be joined by privacy and compliance, and will increasingly be driven by policy. Rather than take full responsibility for all aspects of the solution, IT will be required to sanction the ability of third parties to maintain proper levels of security, privacy, and reliability.

Existing systems and metrics will continue to play a critical role, but IT will increasingly play a role in augmenting these systems with new technologies both internally and externally accessed (see Figure 16).

Figure 16: IT Roles Will Adapt To New Systems With Less Control And Greater Ability To Drive Engagement



Source: A commissioned study conducted by Forrester Consulting on behalf of Adobe Systems Incorporated, 2007

And Different Navigation Systems Will Be Required

As the online experience matures, there is the opportunity to drive engagement in new and different ways than are not possible in the offline world. The online experience will grow beyond its roots as a highly profitable distribution channel to a community that crosses traditional boundaries.

The role of technology will become that of a fabric for generating and maintaining communities that are hosted and monitored by the organization, but controlled and driven by the communities.

- **Interactions will be on-going.** The new model of engagement will drive ongoing relationships between users and the organizations and within communities. The ultimate goal of the organization is a stickier relationship that extends beyond ephemeral content gathering and transactions. There will be a move from a transactional environment controlled by IT to a relationship monitored and sanctioned by IT.
- **The systems won't need to be in the data center.** The old way of thinking, that all systems that customers interact with are controlled by IT, will morph into a model in which content is driven by the community and the systems that manage the content need not be in a highly controlled data center. Increasingly, these technologies will be consumed via Software as a Service offerings or public networks.
- **New tools for measuring engagement will be required.** Organizations strive to establish ongoing interactions with customers and community-driven content and agendas. Companies will need to look beyond their internal business intelligence and reporting systems to capture data in these external spheres of customer engagement.

Conclusion

Companies can drive business value through customer engagement by understanding that:

- **An empowered customer is an engaged customer.** Giving customers a voice, letting them be involved, interact, influence, and build intimacy in new and different ways is the central theme of engagement. Engaging the customer through a cohesive customer experience can empower the customer to be a brand and product promoter, and influence the marketplace in ways not possible with traditional marketing.
- **Engagement must drive business results.** Although the promise of engagement is enticing, it involves commitment from organizations to invest time and effort up front in identifying the right engagement metrics to track, focusing on the four I's (involvement, interaction, intimacy, and influence). Ultimately, what will matter is the ability to tie engagement metrics to financial metrics in order to demonstrate tangible business results. Discussions of engagement should use the language of business (improved efficiency, increased effectiveness) to maintain and grow funding for engagement efforts.
- **IT plays a new and vital role.** For engagement to succeed, IT roles will need to adapt to new systems with less control and greater ability to drive engagement. Content will be monitored, not published. As well as deploying and managing systems, IT will need to explore and sanction systems that exist outside its span of control. This shift requires that IT rethink its internal processes and relationship with the business. Success or failure at improving engagement will not rest solely with IT; however, getting IT to adapt to new ways of thinking about the relationship of data and customer interaction will maximize the benefits of engagement.

Appendix A: Supplemental Material

Related Forrester Research

See the August 8, 2007, "Marketing's New Key Metric: Engagement."

See the April 22, 2008, "Five Tools And Technologies To Measure Engagement."

See the May 8, 2008, "Measuring Engagement."

Methodology

This study was commissioned by Adobe Systems Incorporated and conducted by Forrester Consulting. Data for this study was collected via online survey in each of five markets during May and June 2008. The total sample consisted of 213 respondents, each of whom conformed to the following screening criteria:

- Respondent is employed by a company with 1,000 or more employees.
- Company has and maintains a Web site.
- Respondent works in a qualifying customer engagement-related department (e.g., customer experience, service / support, PR, etc.).
- Respondent possesses adequate decision-making power within the company (manager/director or above), and specifically with customer engagement-related decisions.
- Company uses at least one type of interactive/digital technology to enhance customer engagement.

Surveyed markets included the US, Japan, France, Germany, and the UK.

Appendix B: Endnotes

¹ See the methodology section of this report for a full profile of the survey population.

² See the June 25, 2008, Forrester Report “Social Loyalty.”

³ See the June 25, 2008, Forrester Report “Social Loyalty.”

⁴ The survey, which used multiple choice questions, did not ask about metrics that track offline interactions and touch points.

⁵ For more detail on Forrester’s Customer Engagement Framework, see the August 8, 2007, Forrester Report [“Marketing’s New Key Metric: Engagement.”](#)

⁶ The appropriate tracking timeframe depends on the company, industry, and business model. For example, grocery stores might choose to use a week as their reporting period, banks a month, and automotive manufacturers a year.