

MARKETING GETS PERSONAL



Analytics and smarter data enable marketers to build trust with customers

Marketers today have the ability to connect with customers in new and exciting ways. Powerful new analytical capabilities and the ability to turn volumes of data into smarter business decisions are revolutionary for major corporations and their marketing organizations. Companies that leverage all available data open the door to a wide range of holistic customer insights that can help them optimize and manage the customer lifecycle.

Organizations that want to embrace this revolution must first understand the new dynamic of marketing—that customers are now individuals and expect to be treated as such. Companies need to liberate their data and realize how these new insights impact their business model. The possibility of creating relevant, personalized experiences for customers and reaping the long-term benefits of trust, loyalty, and profitability is within reach.

The truth—well told

Understanding customers as individuals is central to the marketing revolution. The customer data process is no longer



about simply collecting information and segmenting customers into one of just a few large groups. Major advances in technology allow companies to map customers to core personas that may cross many segments, enabling marketers to more accurately judge how and when a customer will respond to a particular product, message, or promotion. Some of these major advances include:

- Targeting micro-segments—creating the opportunity to personalize interactions that deeply resonate with existing and potential customers.

- Mining massive amounts of data that were previously inaccessible or in silos to uncover valuable customer insights.
- Leveraging seemingly disparate data sets together to depict a full and accurate picture of the customer, their preferences, and even a history of their interaction with a company to refine or deliver new, relevant products and services.
- Performing sentiment analysis through social media, blogs, product reviews, and call logs to understand customer loyalty, behavior, and brand evangelism.

Mired in an ocean of data

Corporations have been capturing and storing data about customers and their transactions for years. More recently though, companies are receiving data from



multiple channels, such as direct, indirect, and social, and enhancing that data with outside sources, such as Experian, Equifax, and Acxiom, to help complete the customer picture. They are connecting data on income levels, education levels, age, and lifestyle data on transactions to create a richer view of customer behavior.

However, the key question that marketers must answer is this: How can they make sense of the data deluge in order to deliver value? And further, how do they extract that value from different and unrelated data across an organization?

Liberation of smarter data

Many companies have data stored across the organization in outdated or proprietary systems. Typically, this information has been sitting in silos and leveraged only by a single department, if at all, and requires extensive IT support for access. These practices block companies from realizing a holistic customer view and defeat the purpose of collecting the data. Today's analytics and smart data solutions can now unshackle data, bringing this information to life for businesses.

While liberating data in an organization is an important step, the problem goes much deeper. Getting the data out of a platform in a form that can be manipulated is solvable, but the real challenge is making data of differing types work together in a meaningful way. It's taking extremely granular data, like click stream data from a website, and

marrying it to something broader, such as loyalty or demographic data. This can mean leveraging unstructured data, like social media comments and making it useable in a structured way via text mining for sentiment and trends. Organizations can then combine this information with other data about individuals or customer segments.

A customer's interactions across channels including store, web, mobile, email, and social can then be connected. The power of each additional piece of the customer puzzle allows companies to see the complete path of customer interactions by channel over the long term, and empower deeper understanding of when and why a customer takes certain actions.

From customer views to ROI

Another key result of combining data is that companies can finally understand customer value at the individual level. They can at last see the difference between a customer who buys frequently at full price and a customer who seems to buy often, but in reality takes advantage of free offers or returns most of what was purchased. This distinction is critical. It enables companies to identify their best customers and evaluate customer profitability based on the company's own business criteria.

First-class customers

A leading airline recently decided to sell an upgraded economy seat product and assumed that the typical buyer would likely be a business traveler. After the product began selling, clustering and pattern analytics showed that the actual buyer was a completely different type—a high-end leisure flyer. The airline was able to better target customers more likely to accept the offer and generate additional revenue per seat.

The same airline previously awarded free upgrades based purely on loyalty status and earned frequent flier miles. Through predictive modeling and advanced segmentation of its most valuable customers, the airline was able to factor in individual ROI and customize incentives for combined status, usage and spend.

Looking back means looking ahead

These new capabilities mean businesses have the opportunity to make strategic adjustments before customers demand changes. A leading shoe retailer was able to better balance inventory between its website and retail stores by examining previously untapped algorithms. The retailer found that certain colors of footwear were selling out in cities where there was a large event that used a particular color as part of its identity. For example, the week before a breast cancer walk with thousands of participants, every pink shoe in the company's retail stores in that city sold out. Now, the retailer can shift inventory in advance to meet the anticipated spike in demand, as well as set up a free overnight shipping option just for customers in that city. Customers can get the color they want, when they want it, and the retailer effectively curbs lost demand.

Cross-referenced attribution

Companies can now better determine whether consumer behavior occurred as a result of marketing or if it would have occurred anyway, which is extremely

Connecting the dots



A leading cable communications company turned to analytics and Smart Data to determine why customers were downgrading and canceling services. By connecting data from website, call center, and online support, they found the answer. Customers would start on the company's website looking at various packages and would then contact the company's call center to change their service. However, the call center had long wait times, and customers would often hang up after about 15 minutes. The same customers who abandoned their calls would often cancel or downgrade services in the next few days. The company only saw the last part of the interaction—the customer leaving—and by then it was too late.

By mining the data isolated across departments, the company was able to detect the issue and adjust call center resources accordingly. Now, when customers show signs of potential cancellation, they can be quickly routed to a priority support team that is better equipped to resolve their issue and retain them.

important for promotion. In one case, a high-end cruise line frequently used direct mail to reach its customers. Often, 10 percent of the customers who received the materials would book a cruise—which sounds great. However, by setting up control groups and measuring responses across campaigns, the cruise line was able to determine that three percent of those customers would have booked anyway, whether they'd received the offer or not. The true response rate was seven percent.

The same cruise line had also previously attributed each booking to the last campaign that touched the customer. By cross-referencing the data, they found that customers who received the cruise line's monthly newsletter—one that was due to be canceled—were much more likely to book, regardless of the campaigns. As a result, the cruise line kept and expanded the newsletter and was able to adjust its marketing based on a more accurate understanding of why customers made purchases.

Why marketers care: Complete customer views=more powerful insights

Having a complete view of customer data allows an organization access to such powerful insights such as:

- True share of wallet—how much is a customer is spending on a brand compared with its competitors?
- Likelihood of attrition—how likely is a customer to defect to a competitor and what events trigger that attrition?
- Customer lifecycle—what's the lifecycle of a typical customer from first engagement with a product to brand loyalist? How does this vary for different customers?
- Advanced segmentation and micro-targeting—going beyond “females aged 18–54,” for example, to highly accurate micro-segments based on similar engagement with a brand.
- Personalization—the impression of one-to-one marketing using customer data and sophisticated algorithms to determine personal preferences and usage patterns on a large scale.

More powerful insights lead to customer-centric innovation

Finally, this deeper understanding of customers has evolved the innovation process. With this more complete picture of customers' desires and demands, product and service development is becoming more customer-centric. Instead of designing products and services in a black box, companies are learning what customers

want, how many they want, how they will use it, how much they are willing to pay for it, and when and where they will purchase it—all in the planning and ideation phase. This results in a competitive advantage before a product or service goes to market.

Customer relationships that last

Companies using new analytics and smart data capabilities to understand and connect at critical points during the customer journey are building deeper trust and loyalty among their customers. They

are creating meaningful, personalized interactions with customers as individuals. These connections lead to successful, long-term, profitable relationships. Preventing churn, identifying cross-sell and up-sell opportunities, and ultimately optimizing the customer experience will further help build lasting relationships with customers. Organizations that are willing to go beyond traditional analytics and reporting solutions to embrace and cultivate these new capabilities are gaining a significant competitive advantage in the marketplace.

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Founded in 2001 and based in Seattle, WA, Slalom has organically grown to more than 2,200 consultants. The company has been ranked as a Top 10 Best Firms to Work For by *Consulting* magazine four times, and earned recognition from Microsoft as a Partner of the Year five times. For more information, visit slalom.com.

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