Decision Making:
USE DATA OR INTUITION?

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WINNING BIG

with the Customers
Using Data Analytics

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In a highly competitive market with evolving consumer behaviour, understanding customers is an important step to stay ahead of competition.

Traditional customer behaviour has changed over the years with multi-channel engagement becoming a must for marketers. Today's customers are no longer able to interact with organisations through a single channel.

60 percent of consumers search online before making an in-store purchase, according to Nielsen Global Survey of E-commerce Q1 2014, and mobile devices are responsible for 48 percent of all online traffic, according to IBM Digital Analytics Benchmark Dec 2013.

Customer-Focus

Customers are key contributors to business revenue, therefore having relevant customer intelligence will enable companies to influence customers' spending by getting existing customers to spend more, gaining new customers and convincing "lost" customers to return.

To formulate a successful strategy, one must understand the following:

1. Which prospects and customers to target?

2. Which promotions will improve response rate?

3. Which marketing investment will yield most sales?

Looking at customer data and conducting relevant marketing research may yield possible answers to the above questions. In principle, pulling in relevant data should provide the opportunity to improve customer knowledge and insights into their buying behaviour. While this appears to be simple and straight forward, it may not always be so easy.

The Challenges

Getting all the right data to begin with may not be as simple, in reality, because different types of data exist all over the place. The data may reside in different systems, inside and outside the company, and often in different incompatible platforms and formats.

For Example,

Customer behaviour data - which tells **What** the customer does and **Where** he/she chooses to do it, sits in multiple transaction systems across the company.

Attitudinal data - which says **Why** a customer behaves in a certain manner or **How** he/she feels about the product, comes from surveys, product forums, call centre reports, social media, and more.

To segment, communicate with, and sell to the customers effectively, different types of data need to be blended.

Recent survey of 200 business and analytics leaders found that more than 90 percent of respondents cited lack of data blending capability as the primary reason explaining why they cannot get the business insights they need promptly.

Getting the right tools and team

To overcome common huddles in data analytics, it is important to work with relevant tools and experts to get the best results. Typical areas needed to ensure a workable dataset includes;

1. Data access & integration
2. Data transformation
3. Data cleansing
4. Data enrichment
5. Data joining

5 Tips on using Data Analytics to Successfully Engage the Customers

1. Build a single customer view

The first step to engaging with today's consumer starts with understanding who they are. For example, it's important to know that the same customer who was surfing the company's website from his or her tablet yesterday, also returned merchandise in person to the store last week, or provided product reviews on social media this morning. The true challenge for the multi-channel marketer is to identify these multiple touch-points as interactions

by a single customer and to remove disconnects that frequently occur in communication.

Access and blend data across various systems. The key to keeping all stakeholders happy is to identify where the insight may reside both inside and outside the organisation, and blend all the data together to build a foundation for a unified customer view.

Ensure the quality of the data since poor quality data and duplicate records are a waste of time and budget. Standardising data in different systems, eliminating duplicate records and expunging common data errors, can reduce duplicate promotional materials and mailing errors that cost a company precious budget dollars, plus erode customer confidence and loyalty.

Enrich organisational data with third-party insights as augmenting organisational data with third-party information such as trade area demographics and customer location data can provide richer insights to help localise product assortments, determine customers' propensity to respond to in-store promotions based on drive times, and optimise site selection.

2. Segment integrated channel customers

With the right analytical solution, a company may identify its best customers and find more of them. Marketers can segment consumers based on attributes that matter most to their business and analyse those segments to understand

that particular audience better. By gaining a deeper understanding of the organisation's best (and most profitable) customers, company can target segments with similar attributes effectively.

Savvy marketers can prioritise and focus dollars on the most value-generating activities with the best channels to reach a specific consumer segment. For some segments, this may mean more dollars spent towards improving customer loyalty and retention, while for others, it may require introducing new products and services to address unmet needs.

Unify channels, platforms and processes with a common customer language to improve customers' experience across all touch-points with a framework that classifies, describes and targets consumers with a clear, consistent and unified customer value proposition. Communicating this value proposition consistently across all channels will help attract, grow and retain profitable customers and link together campaigns intelligently through newly gained insights.

3. Personalise content, messaging and product recommendations

Identify preferred channels for engagement (direct mail, email, mobile, display or other channels) when communicating with customers. Use analytically driven insights about customer preferences to optimise budget allocation across channels and maximise return on investment.

Effectively communicating with consumers by optimising content and delivering the right messages in the right context.

Test and iterate identified preferred channels for engagement and optimised messaging. By harnessing the ability to track online data and other assets that are causing sales lifts (or cart abandonment), channel and campaign mix can be optimised more effectively.

4. Measure results, but don't focus solely on sales

"Soft" metrics — such as lifetime value (LTV) of customers, website visits, level of social engagement and interaction experience drivers, like the number of call transfers can be just as valuable as hard metrics, like conversions and call time resolution.

Many analytic projects fail due to the lack of a clear outcome-based strategy. Not everything can be measured at the same time. Start with a small project focused on base metrics and use the success there to get executive buy-in. Then, add resources and more complex analyses.

Invest in the right analytics tools to streamline the sharing of data results and insights throughout the organisation. Integrate powerful reporting and file output capabilities into the same intuitive workflow used for data blending and advanced analytics.

5. Reactivate and re-engage

Analysing customer data can help identify and target at risk to churn segments and create appropriate campaign strategies. Use data to help answer questions such as: Which customers respond to our campaigns? What is the level of engagement for responders? Who has purchased from us in the past?

With the analysed customer data, segment it based on activity level. Activities may range from store visits to purchases, or even account transactions, depending on the industry. Here are a few standard segments to consider:

- High risk - customers that account for no activity within the last 12 months, and have greatly reduced their overall level of activity (e.g., trading down subscriptions, reducing account balances)

- Low risk - customers that have no recorded activity during the last 12 months but have not reduced their overall level of activity

Develop messaging strategies by using the analysis to create highly relevant and compelling offers, messaging, and imagery, as part of the reactivation campaigns. These strategies will differ depending upon the segment chosen to target.

In Summary

With the treated data in place, the team will now be able to gain deeper insights about the customers while continuing on the same analytical workflow. The result will allow the marketing team to

1. Identify the best target segments
2. Determine the right message and offers to deliver to the customers
3. Understand the best medium and channels to engage the respective segments

Ultimately, with proper data analytics, the organisation will be able to achieve improved campaign response and marketing effectiveness.

ABOUT THE WRITERS

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