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Capitalizing on Customer Analytics



BRANDED EDITORIAL



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Your customers speak to you in volumes. Problem is, the high volume of customer information pouring through so many channels—e.g., voice, IVR, Web, contact center, social media, and email—makes it extremely difficult to separate the chatter from the customer feedback that matters most to your business.

Thanks to this explosion of customer data and the many ways that customers choose to interact with companies, it's become imperative for organizations to use analytical tools to help capture, evaluate, and act on the right customer feedback across all channels.

No wonder CMOs are placing analytics initiatives among their top priorities this year. According to a recent global survey of more than 600 CMOs conducted by The CMO Council, 62 percent of respondents say they plan to focus on analyzing customer data to improve segmentation and marketing this year. Meanwhile, 32 percent of those polled ranked the need to improve customer data integration and analytics as a top goal for 2010.

Top-performing companies are already applying analytics to help decision-makers identify the right customer data that's needed for the organization to meet its business objectives. Some companies are also drawing upon predictive analytics to pore through customer data to help them determine the most effective approaches for increasing customer retention, share of wallet, and customer lifetime value.

But like any journey, the use of customer analytics has its own starting point. This begins with the need for companies to listen closely to what customers are saying — regardless of the channel.

Start by listening

"Companies can only effectively act on customer feedback by listening closely to what customers say and acknowledging that their input has been received and is considered important to the company," says Don Peppers, founding partner at Peppers & Rogers Group. "By demonstrating to customers that their input is valuable, companies can begin to form trusting, lasting customer relationships, which can then lead to sustainable business outcomes," says Peppers.

Companies awash in customer data can leverage analytics to identify the most important customer feedback and react to it effectively to achieve optimal business outcomes.



“Acting on customer feedback starts with listening to what customers say and acknowledging that their input has been received and is considered important to the company,” says Don Peppers, founding partner, Peppers & Rogers Group.

Companies can extract the insight from customer feedback and other forms of customer data by applying analytics in a number of ways. These include:

- Deciphering customer sentiment about products and support
- Devising the best course of action in reaction to customer feedback
- Predicting which valued customers are most likely to defect within a period of time and crafting the types of offers that are most likely to retain them
- Predicting customer purchasing plans and short-term, long-term customer lifetime value by interpreting transactions, behaviors and sentiments.

Companies that strive to be customer-centric can analyze customer data – including demographic, transactional, value- and needs-based – to target customers efficiently and create experiences that drive greater value. The goal is to deliver the right message at the right time to the right customer over the right channel.

Analytics enables companies to turn customer data into customer intelligence that can be activated across marketing, sales and service initiatives. Once companies have gained some experience in applying customer analytics to help target customers more effectively and optimize business outcomes, they'll be better positioned to explore emerging analytics approaches, such as the use of text analytics to analyze unstructured data.

Beyond structured data

Until recently, many companies have applied analytics to so-called structured data, or customer information that's typically housed and formatted in a database. Structured data allows users to identify specific pieces of searchable information that's arranged in rows, such as zip codes. More recently, early-adopter companies have begun taking advantage of text analytics to glean insights into customer behaviors and attitudes found in such unstructured data as social network comments, SMS interactions, and even recorded conversations with customers that come through the contact center.

Since customer calls into the contact center are recorded to meet regulatory and legal requirements, companies can use analytics tools to mine customer dialogue to draw out customer sentiment and identify opportunities for improving products and support. Sentiment analysis can also help companies to interpret language and phrasing in call center interactions to

determine whether a customer is at risk of defecting. In turn, predictive analytics can then be applied to help decision-makers determine the type of offer that's most likely to help retain at-risk customers.

Pinpointing customer data

The first step decision-makers must take to establish which customer data to utilize and which channels to draw from is to identify the business goals they're trying to achieve (e.g., increase cross-sell/upsell by X amount or boost share of wallet by Y percent). Once those determinations have been made, executives can then apply analytics to help ascertain the types of customer data (e.g., demographic, segmented data) needed to achieve those business objectives.

Four Analytics Roadblocks

1. **Organizational Silos:** Silos of conflicting responsibilities, and lack of accountability as a result
2. **Credibility:** The ability to gain credibility for analytics' return on investment (ROI) measurements, especially for the softer benefits
3. **Data Quality:** Data cleanliness and accuracy, including the ability to integrate customer data from multiple silos
4. **The Right Data:** Having and leveraging the right data for high-value activities like understanding potential wallet size or determining future value

Source: Peppers & Rogers Group

Companies can also use analytics to help them to more successfully identify their top prospects. By compiling behavioral, purchasing, demographic, and other insightful data on customers, companies can use analytics to determine the top attributes of their most valued customers (e.g. income levels, zip codes, purchasing frequency, etc.).

Companies can then use analytics to match the top characteristics of their best customers – e.g. those who generate the highest profits, purchase high-end products or create the greatest customer lifetime value – with information they've obtained on prospects.

By following these steps, companies are able to conduct more targeted and effective customer acquisition campaigns.

Moving Forward

As decision-makers increasingly use customer analytics to support their efforts, they'll discover that these tools aren't a quick fix. They're part of a customer-centric transformation where analytics helps companies to achieve competitive advantage. ■

Marketing to the Sales Funnel

Leveraging New List Technology to Optimize Your Data Acquisition Strategy



Marketing departments often find themselves struggling to find a balance between low respondent numbers and unqualified respondents. How do marketing teams address this challenge? The key is increasing both quality and quantity through analytics, role appropriate messaging and precise data segmentation.

Identifying target contacts and accounts

The first step in creating a data strategy is identification of potential accounts. Think about three major categories: new prospects, existing customers, and lapsed customers. Your target account profile can include demographic information: industry, company size, geographic region, or even more specific information like type of software or hardware installed. Then, your data partner should convert this list of demographics into a list of actual account names and domains.

With your account list in-hand, think about target contacts for each of your account types. You should consider profiles for three general categories: buyer, executive/influencer, and end user. For example, if you are a provider of engineering software, your end user might be an engineer, your buyer might be in IT, and your influencer might be the CFO.

Current customers and new prospects: Securing and growing your base

Targeting buyer contacts allows marketing to expand the reach of your sales team – keeping existing contacts informed and reaching new potential buyers at current customers and new prospects. A wider footprint can also help retain business if organizational changes happen. For existing customers, targeting executive/influencers establishes your product as valuable to their organization – not just an expense item on a budget sheet. At prospect accounts, the goal is to get executive/influencers familiar with your brand, building positive associations, before the purchase decision is on the table.

Marketing to end users can encourage

product adoption by current customers and prospects – and can actually help drive a purchased decision from within.

Lapsed customers: Winning them back

The challenge with marketing to lapsed accounts is that customers leave for many different reasons. For buyers and executive/influencers, highlight competitive wins or benchmarks, third party evaluations, and any new features or products that add substantial value to your offering. Finally, give end users opportunities to interact with your product or service with risk-free trials, free products, and high-value engagements that might help get them familiar with your product and advocating for you.

The Solution – New Tools, New Ways to Improve Segmentation

Building a campaign strategy around enhanced segmentation and expanded reach typically means adding new contacts to your database through third party data sources. If done properly, this results in an ongoing stream of fresh contacts flowing into the sales pipeline. On the other hand, if your incoming data quality is poor, your marketing efforts will be largely wasted and inefficient.

Oceanos bases its list strategy recommendations on the vision of List Intelligence™ – a blend of analytics, historical knowledge, and approach that allows us to determine the optimal portfolio of list sources for reaching a given target audience. A major component of this vision is a product known as the List Optimizer™. We designed this tool to address third party data limitations we saw in the field. The List Optimizer provides marketers with a systematic approach for optimizing third party data, providing marketers with a distinct competitive advantage – targeted records from not just one, but a cross-section of the industry's best third party purchase and rental data sources. These records are available as a single, de-duplicated data set, which is refreshed on a continual basis as the

sources themselves refresh. The List Optimizer is comprised of two modules, Prospect and Customer. The Prospect module identifies and isolates high value prospects, while the Customer module identifies and isolates target decision makers within a predefined set of customer accounts.

With the List Optimizer, marketers are able to pull targeted, de-duplicated records from a cross-section of third party data feeds – ensuring fixed cost, saved time, and operational efficiency. Finally, because the List Optimizer leverages research databases to define your specific target accounts – instead of relying on often inaccurate demographic coding – the application provides an intelligent, highly segmented data set. In an increasingly competitive market, where clients feel pressure to produce leads and constantly prove their value, the ability to leverage analytics to mine and segment third party data is where the battle is being won or loss. ■

About Oceanos

Oceanos creates innovative, metric based data strategies for demand generation marketing, guided by our vision of List Intelligence™. List Intelligence is our blend of analytics, historical knowledge, and strategic approach, allowing us to determine the optimal list portfolio for a target audience. Our proprietary software, List Optimizer™, maximizes your investment in third party data and optimizes all types of demand creation programs. We've made *Inc. Magazine's* fastest growing private company list for the past three years.

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