Customer Intelligence is a Key Driver for Customer Experience

Translated from Dutch

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Technology is developing so fast nowadays that companies can barely keep up. The innovativeness of businesses is being seriously put to the test. If we're to believe the experts in the media, every week there is some new invention that is about to change the world. And if you don't use Big Data for Social CRM with Responsive Designs for tablets, you're toast!

In an effort to keep pace, businesses are constantly seeking to launch a bewildering array of activities and new initiatives with no coherence and with no structure. A manager may wonder: Are we doing the right things? Are we doing them in the right order?

If the customer comes first, there must also be a clear guiding strategy on the basis of which new activities can be tested. To keep your sanity in spite of these myriad external developments, there are five steps that a company must take to implement a successful marketing strategy and to accommodate all future developments with relative ease.

Step 1: Make it a strategic objective to enhance "Customer Experience"

Enhancing customer experience is an important starting point for any marketing strategy. In the Netherlands, this means that the customer experience must be improved.

I often use a metaphor to show that there are two ways to consider customer experience from a professional angle. If we imagine that customer experience is the human body, you have the outside parts of the body, such as the eyes, ears and hands. These represent the customer touchpoints with a clear brand experience in all channels. The inside of the body is the IT infrastructure which, like the heart and blood vessels, circulates the lifeblood of the company. When you are in contact with customers, you need to have all the relevant customer data at your fingertips in real time. Of course, the inside and outside complement each other. For example, a call center can't exist without accurate customer data.

Follow the Customer Experience Roadmap

If the strategic objective is to enhance "Customer Experience", it's best to define a Customer Experience Roadmap that informs all the projects, especially IT projects, whether they're targeted at the outside (for example, making a responsive design for a website) or at the inside (for example, releasing social media data). Based on the Customer Experience Roadmap, a manager can determine the priority for each new initiative.

"You've got to start with the customer experience and work back toward the technology - not the other way around" (Steve Jobs, 1997).

Step 2: Focus on personalization and interactivity

"Customer Experience is an interaction between an organization and a customer, intuitively measured against customer personal expectations across all moments of contact". (Colin Shaw, Customer Experience)

There are two important aspects to this definition, namely "interactivity" and "personalization". The first focuses on Access on Demand, Synchronicity, Constructive & Control and Timeliness. The customer wants to be helped quickly and directly. He doesn't want you just to call back, for example, the next day. The customer experience must be personalized, and in this regard the focus must be on relevance; the product or service must be tailored to the customer's individual preferences. Remember the old adage: know your customer.

By paying attention to these two aspects, a company can really make a difference. Each company must ask itself to what extent it offers its services and communication

interactively and in a personalized way at all customer contact moments.

To keep its finger on the pulse, a company should use a permanent Touchpoint tracker. This gives the company real-time feedback from customers. This type of feedback is particularly valuable information and offers a practical means of improving your services.

Step 3: Provide good building blocks: Data, Tooling and Expertise

In order to enhance Customer Experience, there are three important activities:
- Reporting: make sure you know the facts (number of customers, products, etc.)
- Analyses: understand and explain the facts (behavior models)
- Interaction: apply what you learn (campaigns)

For these three activities you need three essential building blocks:
- Data: know everything about your customer (360° Customer Insight)
- Tooling: use the right software/applications to be able to create reports, analyses and campaigns
- Expertise: multidisciplinary team consisting of, among others, CRM marketers, list managers and Customer Intelligence analysts.

How does this work in practice? Let's take an example. Suppose a group of customers is selected for a Xsell campaign. They get to see the offer on their personal web page and/or when they phone the call center (= interaction). Thanks to our report, we know the response to the offer through the channels (= reporting). Based on statistical research, we can determine the channel preferences of each customer (= analyses), and the channel preferences can be applied in a follow-up campaign (= interaction).

Centralize an operational customer data store
If the customer comes first, the customer data must also be the focus. To offer interactivity, we need real-time data. In order to be able to offer personalized products and services, we need 360° Customer Insight. In short, as far as possible we must have real-time data, otherwise we can't offer an interactive and personalized service.
All source systems, such as the call center application, the website or the social media tool, have an interface with the customer data store (CDS). The CDS is a pivotal element of the IT architecture and constitutes the real-time data hub for all your customer communications.

Nowadays many businesses are working hard to add the social media to their marketing database – there's no way of knowing what the five-year trend will be, but it may be possible to add alternative applications to the CDS.

Customers are very demanding
Nowadays there is often a huge gap between the customer expectations and the services offered. For example, one customer expects confirmation by text message within 3 seconds after he has made a purchase on the website. Another customer expects to see relevant offers based on his interests when he logs on. A third customer expects that when he calls the customer contact center the call center employee will know what he tweeted just 10 minutes before, etc. These are a few examples connected with personalization and interactivity.

Step 4: Use guided inbound as a marketing tactic

Marketing teams should use a strong brand name to attract customers (pull) via the different channels, such as the call center or the website, so they can buy the product or service concerned. Therefore, there should not be a major campaign (push) four or five times a year. Instead, the campaigns should be more event-driven and designed more as guided inbound actions. This is much more in line with what customers expect; the customer determines the purchasing moment. A good example of this is the concept of the Next Best Offer (NBO). An NBO is a targeted offer for the customer that he might be interested in. An NBO is calculated and determined every day (or during the day) on the basis of the customer profile (personalization); the four or five best NBOs plus the associated content are used in the different channels (interactivity). We will have more to say later about the constraints that this imposes on the IT architecture.

Step 5: Integrate Customer Intelligence in your tactics

In the past, the Customer Intelligence department was the research division where researchers analyzed customer behavior. With the increase in the flow of data, data analysis became increasingly important. According to the

Harvard Business Review (October, 2012) data scientists have "the sexiest job of the 21st century".

Customer Intelligence analysts can develop a wide range of behavior models designed, for example, for Xsell, Up-sell or retention. These models generate algorithms that can select the right customer for a given offer. In other words, only customers for whom a given offer is relevant receive it, because if the offer isn't personalized, the customer won't be interested. The alternative postulate also holds true: "relevant content = customer content".

Once again, in a company where the customer comes first, Customer Intelligence plays an important role when it comes to making offers relevant by targeting only certain selected customers.

Customer Intelligence is a key driver to enhance the Customer Experience and turn it into a success!

About the author

Geoffrey van Meer studied Economic Psychology at the universities of Leiden and Tilburg. His educational background led to an interest in the thinking and behavior of consumers. After he graduated, Geoffrey worked in ING's Customer Intelligence department in the Netherlands. Now he has been working for five years as a manager in the Customer Intelligence department of Rabobank International Direct Banking.

Geoffrey has gained experience in the field of market research and data mining. In 2008 he obtained a PhD with a thesis on the subject of web mining. He also specializes in direct marketing, data-driven marketing, (analytical) CRM and predictive modeling. In 2009 he became a member of the NIMA examining board, and he occasionally gives guest lectures and presentations at seminars.

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