

Your Customers and Their Data
Have a Lot to Say to You.

ARE YOU PAYING ATTENTION?

You may be running direct mail, phone, or email campaigns to attract new customers and retain existing ones. But are you sending them the information they want and need to make their next purchasing decision? Do you even know what information that is? And do you know which customers are most valuable to your business?

Let's look at an example from the automotive retail industry. I used to own an old Acura and as it hit 100,000 miles and time progressed, it gave me more and more problems. I must have been one of the dealership's most valuable customers at the time, because I was there every month. \$500 here, \$800 there, and \$1200 more the next month... you get the point. Although I loved the car, I eventually got tired of the bills and moved on to another vehicle. Not once during the entire time I owned the car did the dealership ask if I might be interested in purchasing another vehicle from them. They wait for me to go online and search for a car when I think I want one, or to walk into their store. However, when I start searching, they have already lost control of the sale. They will be competing against the other online and offline sellers that all want my business, whether direct, or through CarsDirect, TrueCar, etc. Such a shame, because they could have already locked me down had they offered me what I did not realize I needed.

Anyone who has bought from you or interacted with you in the past can turn out to be a hot lead if you collect and use your data wisely. Why wait until a customer comes to your lot to shop for a car? You do not know anything about them, have to guess about their preferences, and risk making unforgivable mistakes in communicating with the prospect. Why not try leveraging your existing customer base as well as expanding it? All those people that are nearing the end of their lease or have paid off their loans are prime targets for new or used car sales. They are probably in the market for something new. Parallels can be drawn to other industries as well. Businesses that have a substantial amount of recurring clients, or that are subscription-based, are in a prime position to take advantage of their data.

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Using customer profiling you can model people who have purchased cars from you before to predict who would purchase a car in the future. With subsequent segmentation of mailing lists and messaging, your marketing becomes much more targeted. You could build segmentation on the type of car for instance, and predict if someone would buy a car within, say, the next four months.

Studies have shown that the most effective campaigns target customers with tailored offers that are relevant to the individual customer or prospect. This whitepaper explores ways to uncover how you can cater to the needs of your best customers cost-effectively.

Why so many customer intelligence efforts fail

Although many companies to see the importance of customer intelligence, most think simply implementing a CRM system will do the trick. They fail to put processes in place to populate this system, and disseminate the information within the organization in a meaningful way. A typical phenomenon, as a result, is what we call “data silos:” large amounts of data stored in an unusable way. What is missing is a suite of tools for data integration, predictive analytics, business intelligence, and data distribution.

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Turning Data into Intelligence

Marketing efforts that lead to growth through acquisition and retention are fueled by data. The explosion of available data creates many opportunities. However, companies are often unable to process and prepare the data to be used in their decision-making process in a timely way. Although many firms are aware of the power of so-called “Big Data,” they lack the personnel, training, and budgets to process it. A recent Oracle survey has demonstrated that “93% of executives believe their organization is losing revenue -on average, 14% annually- as a result of not being able to fully leverage the information they collect.”

What should you collect?

Data collection roughly falls into two categories: contact data and transaction data. Contact data serves a dual purpose in that it is both the method of contact and the starting point for aggregating transaction data. Most companies already gather content data and at least plan to collect transaction data. The trick is that both types of data need to be aggregated and stored in such a way that they can be analyzed efficiently. This calls for more comprehensive and rigorous data gathering and storing processes.

Even when contact and transaction data are being collected and stored properly, the question remains whether it is being done in a timely manner. Like so many other products, data has a 'shelf-life.' Lifespans vary from industry to industry and when creating your data strategy you should consider how long the data you collect will be applicable in your case. In online retail you may have mere seconds, whereas in the Financial Services sector you may have weeks. Also consider that the same principle applies to the way you distribute your data internally. The faster you do this, the faster the bright people can make (hopefully the right) decisions that can affect your performance.

Using data to achieve greater performance

Analytics-Reporting

The two most critical factors when setting up a reporting process are timeliness and quality of data. Meeting these criteria can help you gain valuable feedback from your data and can point out possible improvement areas in your business or help you find opportunities to grow. To maximize your reporting effectiveness, be sure to have a specific goal for each report you produce. For instance, had the car dealership from the introduction had proper data reporting processes in place, they might have spotted the opportunity to upsell me on a used or new car deal. Subsequent analysis of the success rate of such offers would allow the dealer to learn what demographics are most likely to say "yes." This approach ensures that you create a learning organization that improves over time.

Take the following steps to help you get started:

1. Target your reports to the audience, for instance executives, marketing managers, or analysts.
2. Institute metrics that measure what you want to measure. For instance, acquisition or attrition.
3. Make your data visual through graphs and tables, but keep it simple and easy to understand.
4. Always keep in mind the desired end goal or target and create visual comparisons to see how far you are off.

Distribution: how to get your reports in the right hands at the right time?

More often than not, we see a reports being put into PowerPoint or pdf files. If you have to convert and send around such reports by email, they may be outdated by the time the report reaches the decision maker. The following guidelines will help you set up your reporting and distribution processes.

1. Centralize your reporting and provide access to the data in real time.
2. Adopt access levels to each individual user or user group.
3. Set up alerts that notify stakeholders when metrics meet certain criteria.

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Segmentation and Predictive Modeling

To make the most of your data, start segmenting your marketing messaging and build predictive models to determine what you communicate, how, and when. The combination of segmentation and predictive modeling yields the highest returns. Going back to the car dealer example, you may for instance have “new customers,” “service customers,” and “nearing end of lease or finance agreement customers.” Or, if you are an airline, some customers will be vacationers, some will be frequent flyers, and others will be bargain hunters. It is vital that you address these customers differently to maximize return on

marketing dollars spent. Segmentation and predictive modeling are powerful marketing tools that help you do just that. And they are easier to implement than you might expect.

Key takeaways: the first steps towards data driven marketing

Achieving higher performance and more bang for your marketing buck requires changes in the way you collect, process, and distribute data. This white paper has reflected on crucial steps to take to move towards data driven marketing. The following takeaways summarize our recommendations.

1. Explore available data

Analyze what data sets are available to you and consider where it is meaningful to consolidate your data. Assess the quality of existing data, as well as the opportunity to collect more.

2. Divide your customers into segments

Your segments should be statistically derived and consider such factors as geography, transaction frequency, the type of product or service delivered, and spending. In your campaigns, you then vary messaging (what), timing (when), and distribution channels (how). Subsequently, you correlate these factors with those customers who have the highest purchasing power in each segment.

3. Setup marketing data reporting and distribution processes

As a marketer, you need to make decisions quickly. So you'll need to have easy access to accurate and timely data. Creating a dedicated database can help you achieve this goal. You'll gain efficiency and make marketing a more effective tool to show concrete results. In order to have real-time access to your data and visualize it in a useful way, there is a plethora of systems available in the marketplace. Depending on your individual situation, you may opt for Software as a Service (SaaS), or for a more traditional licensed software solution.

Next Steps

- 1. Set up your data gathering and analytics processes**
- 2. Build your next lead generation campaign**

About Kompani Group

Our experience and expertise have been acquired from helping to grow companies across multiple industries. We empower our clients with effective solutions, know-how, improved processes, training and tools that spur growth. Data-driven marketing is an integral part of our process to help business owners and managers make informed marketing and sales decisions more quickly and effectively and to generate measurable results. Place yourself 'in good Kompani' and success follows.