

# Creating Customer Intimacy

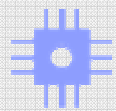
IBM

**Business Analytics**

[www.spss.com/perspectives](http://www.spss.com/perspectives)

# Smarter Planet...

**30 billion** RFID tags... 2010



Our world is becoming more  
**INSTRUMENTED**

We now have the ability to measure, sense  
and see the exact condition of almost everything.

**~2 billion** people on the Web... 2011  
**...a trillion** connected objects



Our world is becoming more  
**INTERCONNECTED**

People, systems and objects can communicate and  
interact with each other in entirely new ways.

**15 petabytes** of new  
Information generated daily...



Virtually all things, processes and  
ways of working are becoming more  
**INTELLIGENT**

We can proactively respond to changes quickly and  
accurately, and get better results by predicting and  
optimizing for future events.

# How do you make this...



... feel like this??



Building intimacy & trust

## ... In A Nutshell

- An evolutionary approach to forming a customer centric strategy to achieve
  - Efficient acquisition
  - Profitable relationship development
  - Managed retention
- Deliver a holistic view of the customer, with proven results
  - 29% profit increase
  - Sales increase of 18%
  - Customer churn reduction from 19% to 2%
  - Better manage student retention and course curriculum
- Is achieved through best-in-class predictive analytics tools from IBM SPSS

# Traditional Business Strategy Choices

**Customer Intimacy**



## **Involve customers:**

- Conduct “value exchange” with the customer
- Identify high-value customers and customize your offering based on their needs
- Build trusted advisor relationship

## **Align resources:**

- Identify low-value customers and reduce or rationalize services
- Eliminate unnecessary communications or unvalued services
- Leverage VMI and other approaches to create supplier-customer transparency

**Product Leadership**



## **Foresee the future:**

- Identify latent needs to seed new product ideas
- Spot trends and reallocate development resources
- Use near-real-time input to redesign offerings

**Operational Excellence**



Source: Michael Treacy, Fred Wiersema. *The Discipline of Market Leaders*. NY, NY: Addison-Wesley Publishing, ©1995.

# Evolution of a Customer Centric Strategy

## Customer Intimacy

*“Proactively optimize every customer interaction to exceed expectations and maximize outcomes at the point of interaction”*  
- IBM SPSS

## Customer Experience Management

*Designing & reacting to customer interactions to meet or exceed customer expectations to increase customer satisfaction, loyalty & advocacy.*  
- Gartner

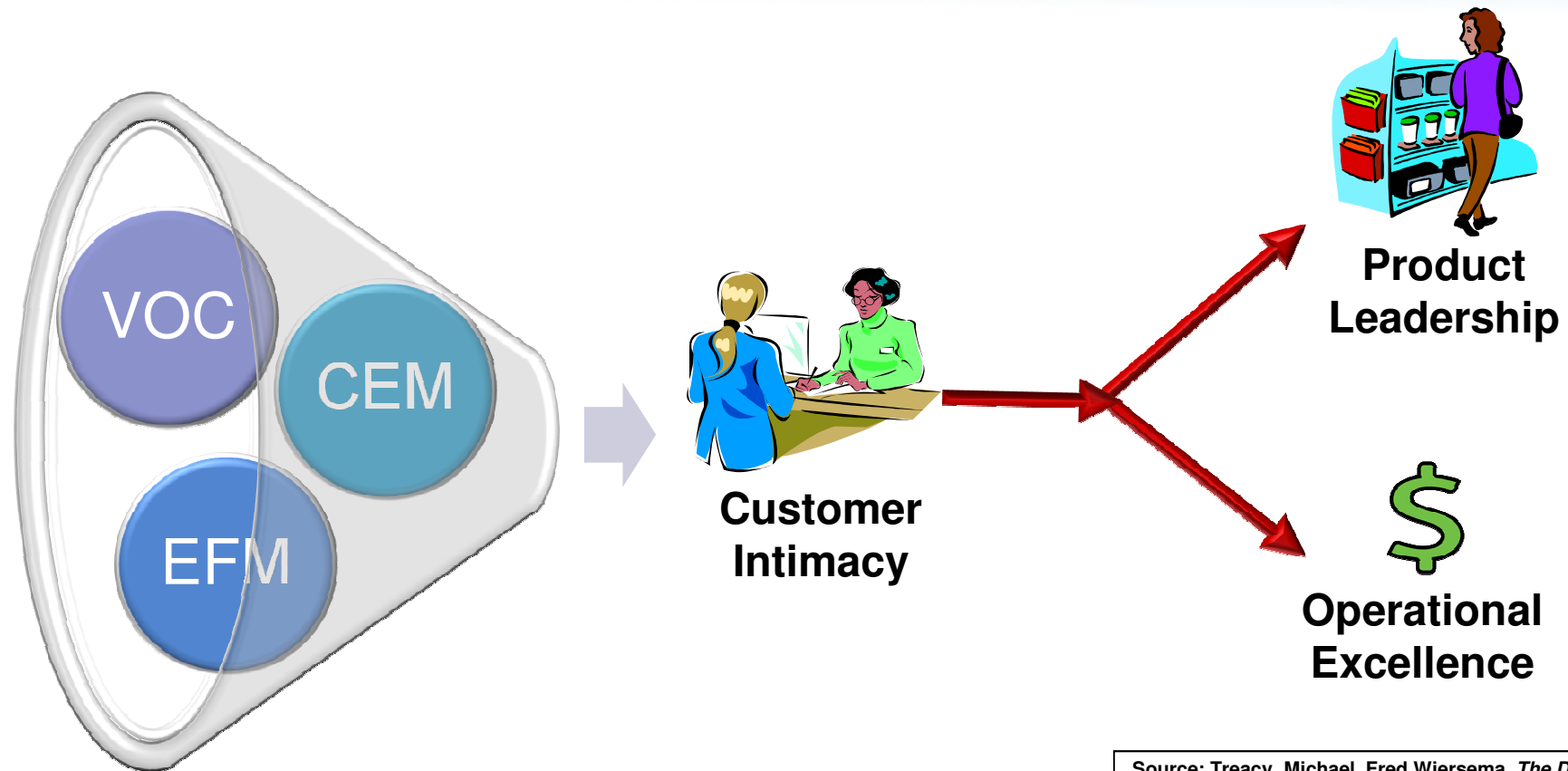
## Enterprise Feedback Management

*Systematic approach for incorporating the needs of customers into the design of customer experiences.*  
- Forrester

## Voice of the Customer

*Solution designed to prompt companies to ask customers personalized questions at the right time & through the right channel.*  
- Gartner

# Expanding Your Differentiation Strategy



Source: Treacy, Michael, Fred Wiersema. *The Discipline of Market Leaders*. NY, NY: Addison-Wesley Publishing, ©1995.



How does a customer intimacy strategy deliver value?

# A Holistic Customer Approach

## Customer Contact Channels

Web Site   Email   Agent   Mail   Phone   PDA   Branch   ATM



### Interaction Data

Click Streams  
Offers  
Results  
Context  
Notes

### Attitudinal Data

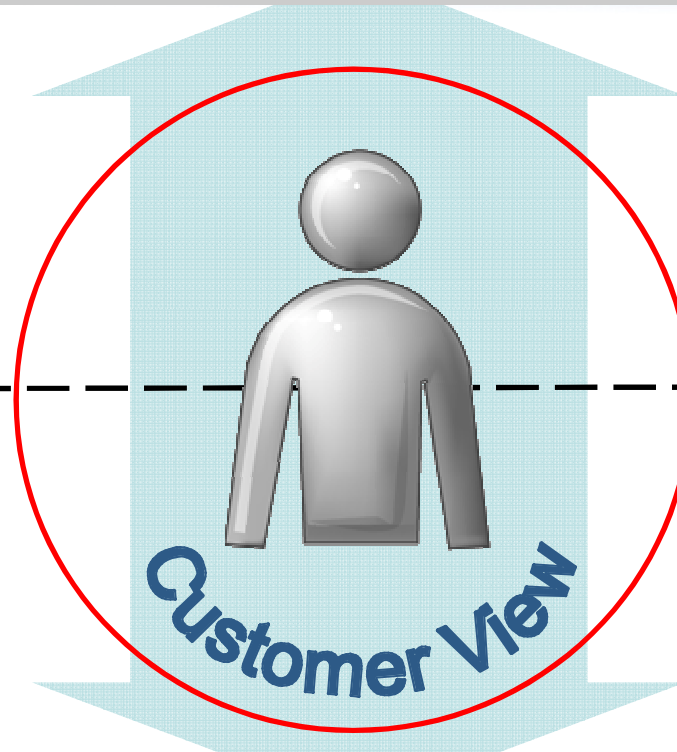
Opinions  
Preferences  
Needs  
Desires  
Moods

### Descriptive Data

Attributes  
Characteristics  
Self-declared Info  
(Geo)demographics

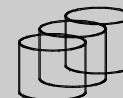
### Behavioral Data

Orders  
Transactions  
Payment History  
Usage History  
Location

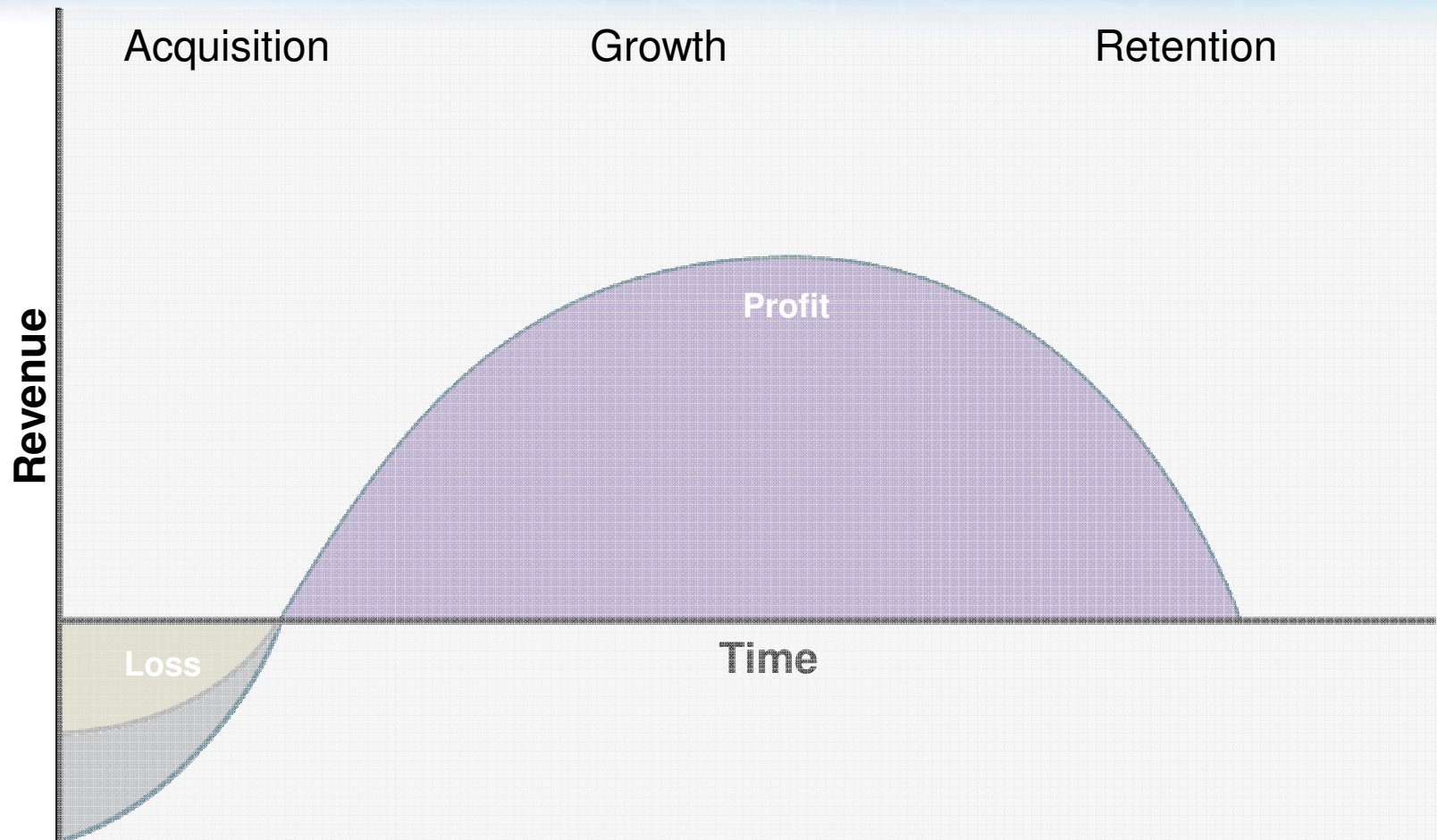


## Enterprise Data Sources

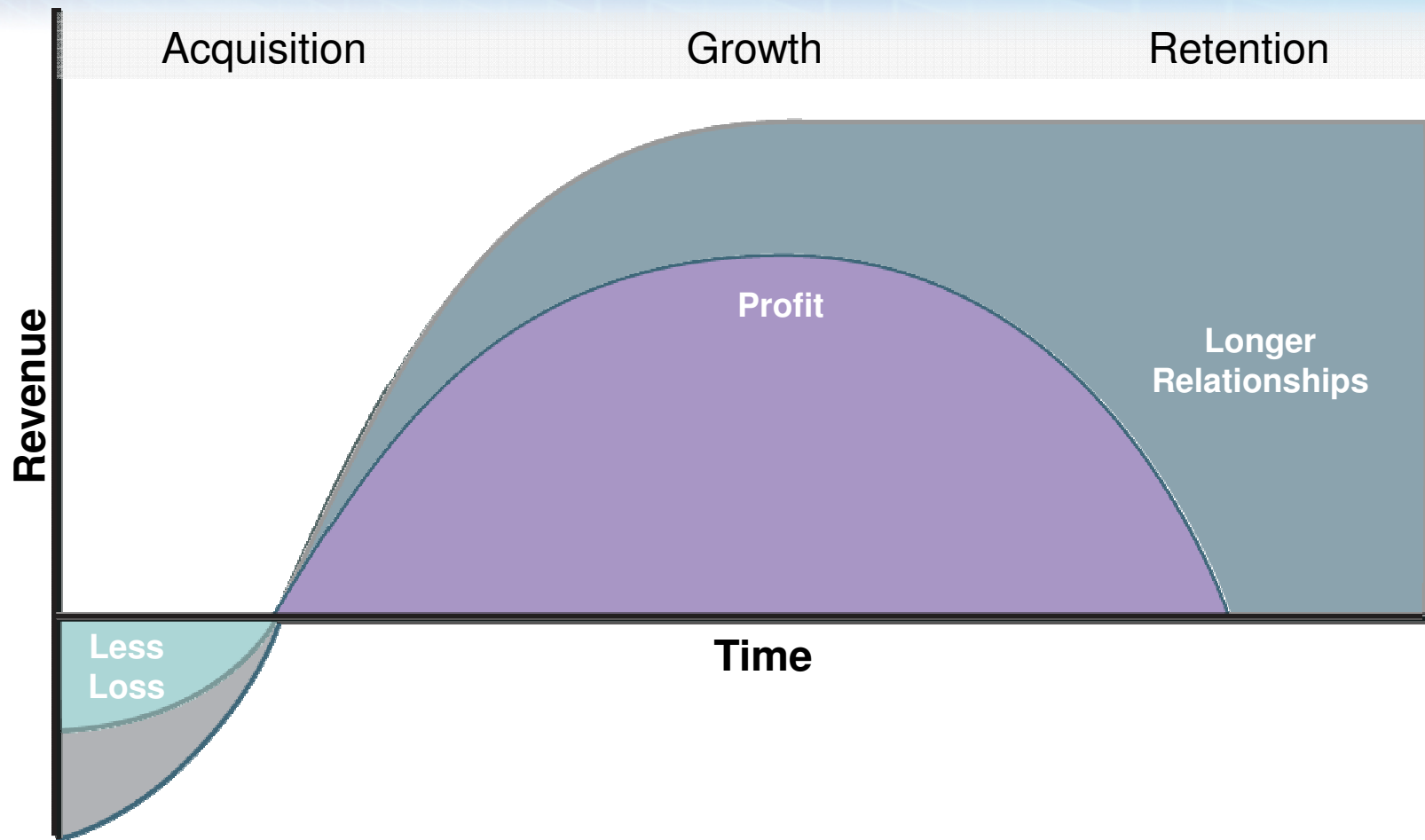
Operational Interaction   Attitudinal   Marketing   Web   Call Center   Social Networks



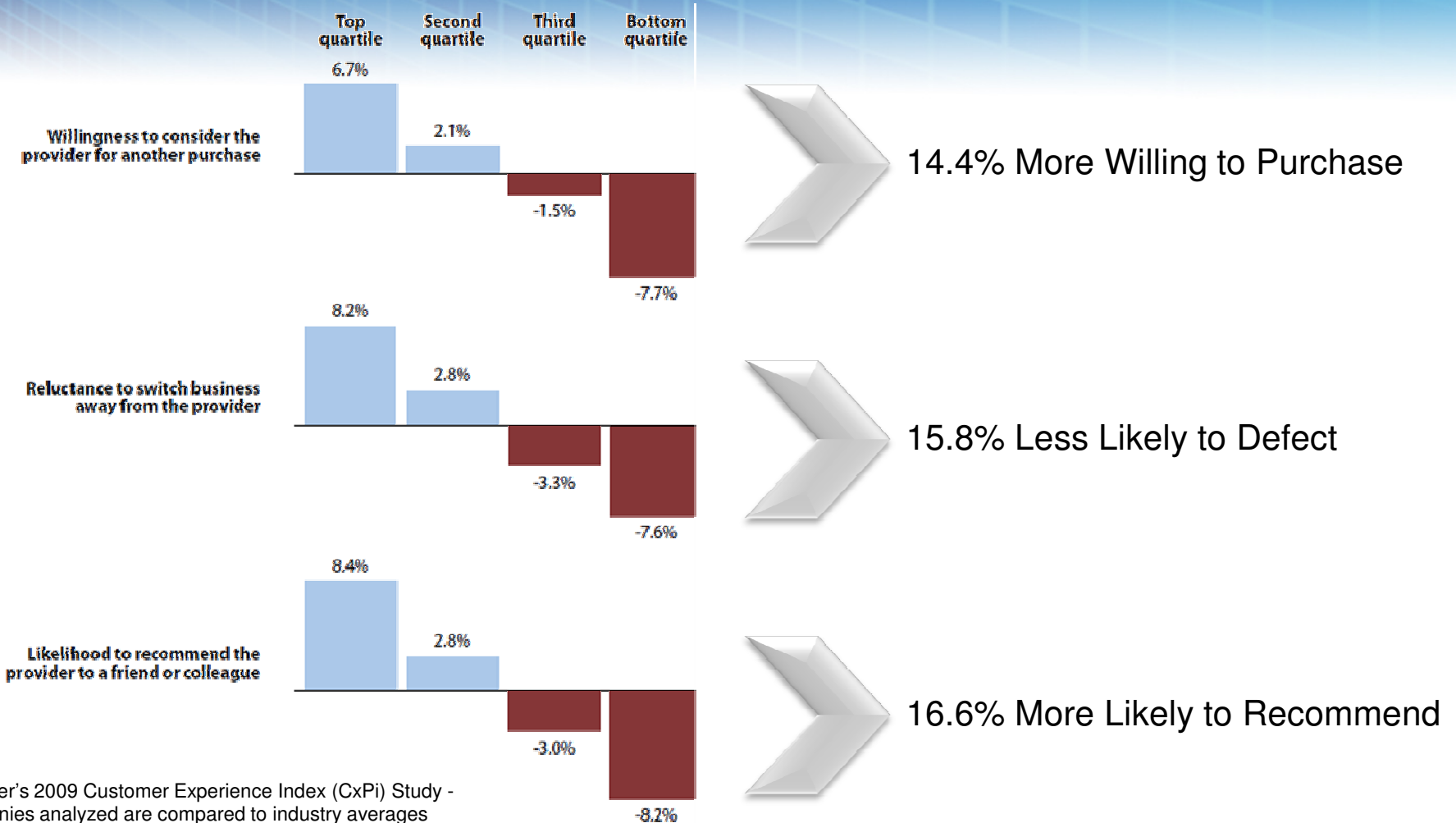
# Customer Lifecycle Stages



# Increasing profit with Customer Intimacy



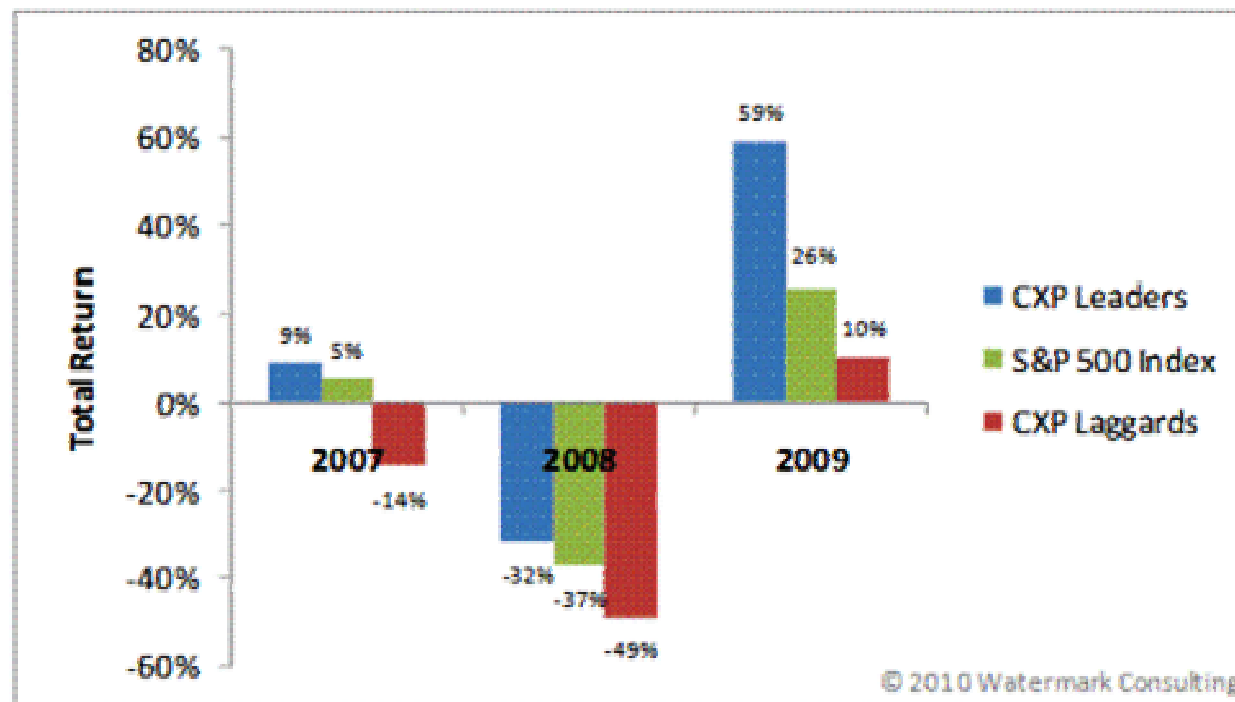
# Customer Intimacy Drives Loyalty Levels



Forrester's 2009 Customer Experience Index (CxPI) Study - Companies analyzed are compared to industry averages

# Effects of Customer Intimacy Programs

Stock Performance of Customer Experience Leaders, Laggards and S&P 500



Based on Forrester Research's 2009 Customer Experience Index study

- Top 10 and bottom 10 publicly traded companies were used from the report
- Compared their stock performance to the S&P 500 index

## Scenario / Customer Examples

# Profitable Acquisition



## Major Insurance Company

Improved multi-channel marketing & sales with predictive analytics

- *Decreased direct mailing costs by 35% through model-based targeting*
- *Doubled response rates using event-based marketing*
- *Boosted profits by 29% using cross-campaign optimization*

dialogue





# Relationship Development

## Online Computer & Software Retailer

Analyzed & segmented 1 million+ registered customers to implement real-time cross-sell recommendation system based on “digital lifestyle models”

- *Pages hits increased by 50%*
- *Sales up 18%*
- *Tripled profitability of on-line operations*

Poten  
actio

A

B

C



50

34%

49



200

32%

64

# Managed Retention

## Major Cable & Telco Provider

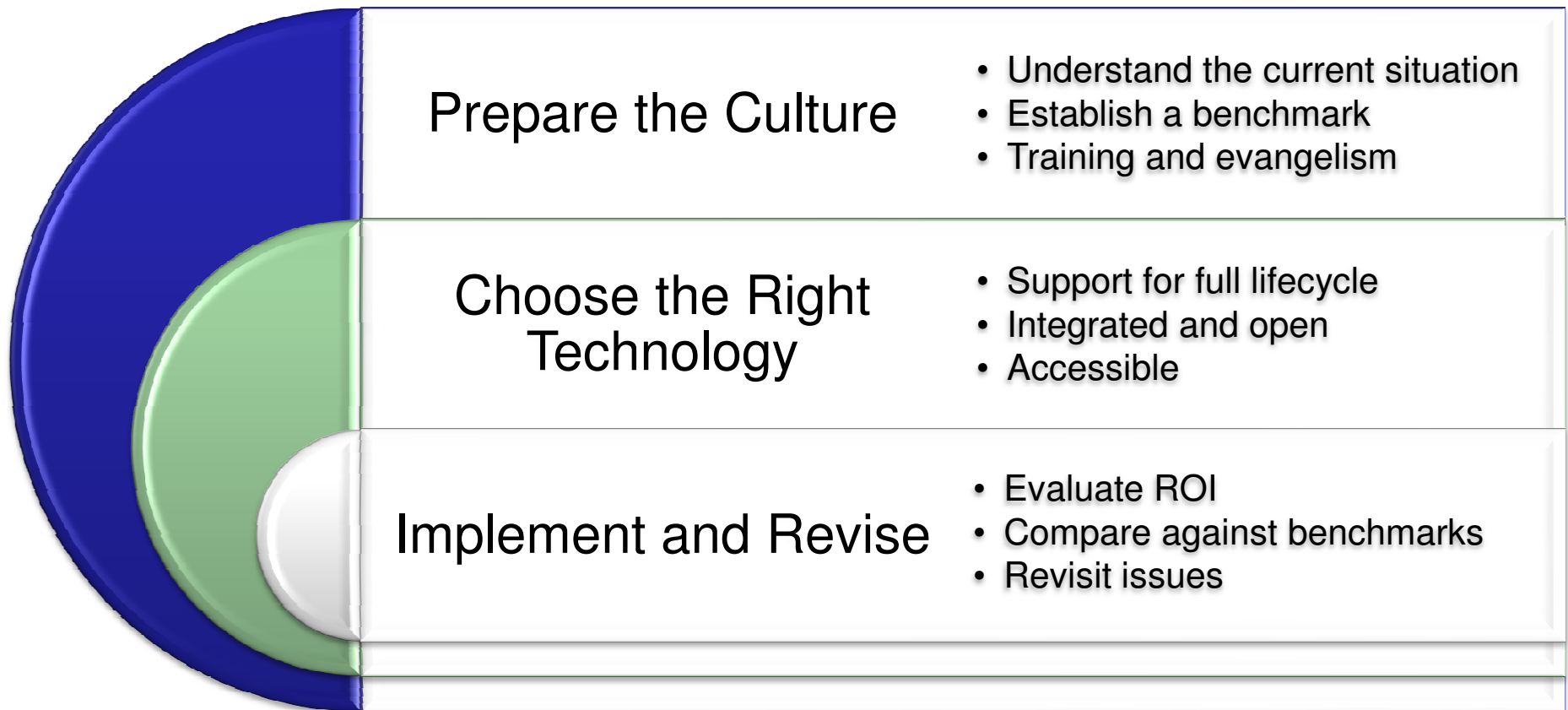
Combined feedback management with text mining and predictive modeling in a Customer Intimacy strategy to attack churn and boost customer satisfaction

- Churn *reduced from 19% to 2%* for broadband customers
- Satisfaction increased in *over 50%* of customers
- *23%* of “detractors” converted to “promoters”

Customer Knowledge

Where do you go from here?

# Developing a Customer Intimacy Solution



# Growing a Culture of Customer Intimacy

## Marketing

### Goal

Personalized Messages  
to Appropriate Channel

### Result

Reduced Marketing Spend  
Increased Open/Click Rates

## Customer Service

### Goal

Personalized Interactions

### Result

Customer Satisfaction Increases  
Customer Retention Increases

Goal  
Grow Business Responsibly

## Executives

## Sales

### Goal

Identify Ideal Prospect  
Pinpoint Past Buying Trends

### Result

Increased Sales  
Reduced Sales Cycle

## R & D

### Goal

Customer Requirements  
Incorporated in Product Design

### Result

Increased Product Adoption  
Increased Sales

# Growing a Culture of Customer Intimacy

## Marketing

### Goal

Personalized Messages  
to Appropriate Channel

### Result

Reduced Marketing Spend  
Increased Open/Click Rates

## Executives

### Goal

Grow Business Responsibly

### Results

Increased Revenues  
Reduce Operating Costs  
Streamline Business Processes

## Customer Service

### Goal

Personalized Interactions

### Result

Customer Satisfaction Increases  
Customer Retention Increases

## Sales

### Goal

Identify Ideal Prospect  
Pinpoint Past Buying Trends

### Result

Increased Sales  
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# IBM SPSS Driving Customer Intimacy

## Capture

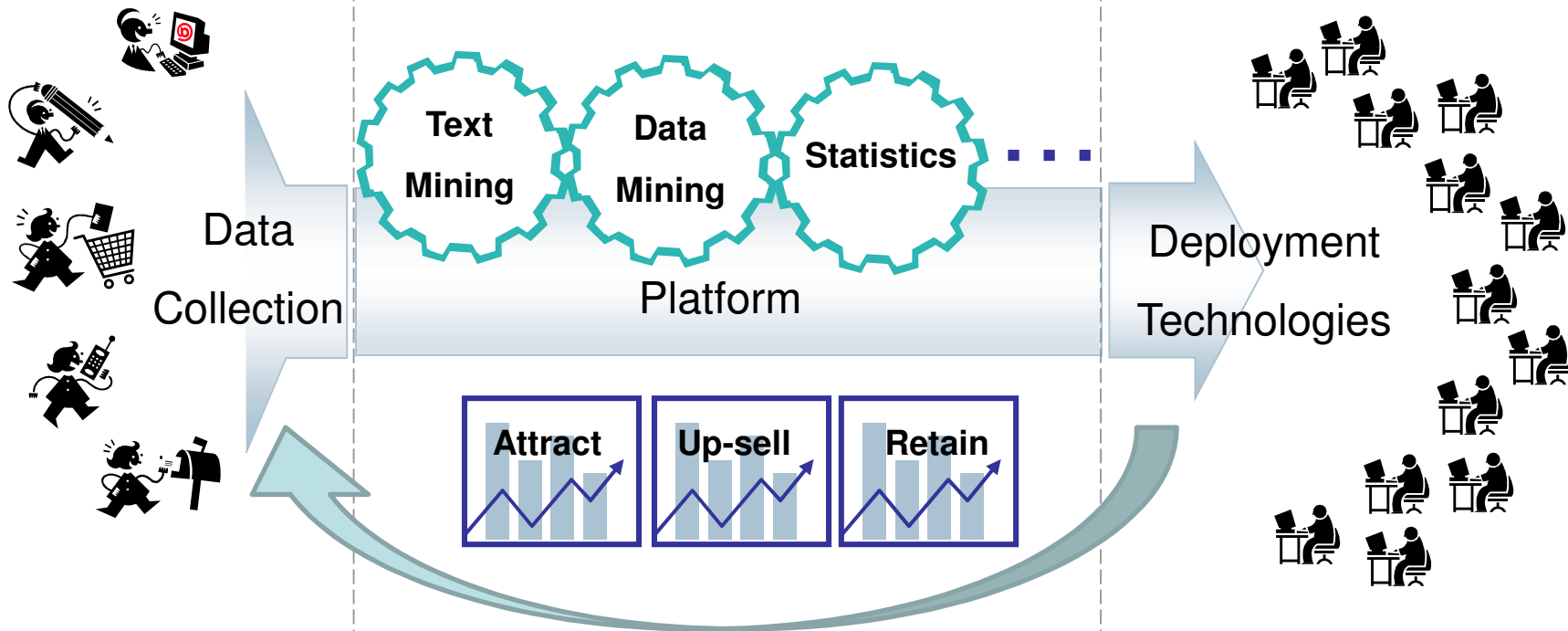
*Data Collection delivers an accurate view of customer attitudes and opinions*

## Predict

*Predictive capabilities bring repeatability to ongoing decision making, and drive confidence in your results and decisions*

## Act

*Unique deployment technologies and methodologies maximize the impact of analytics in your operation*



Just when you think you have it figured out.....

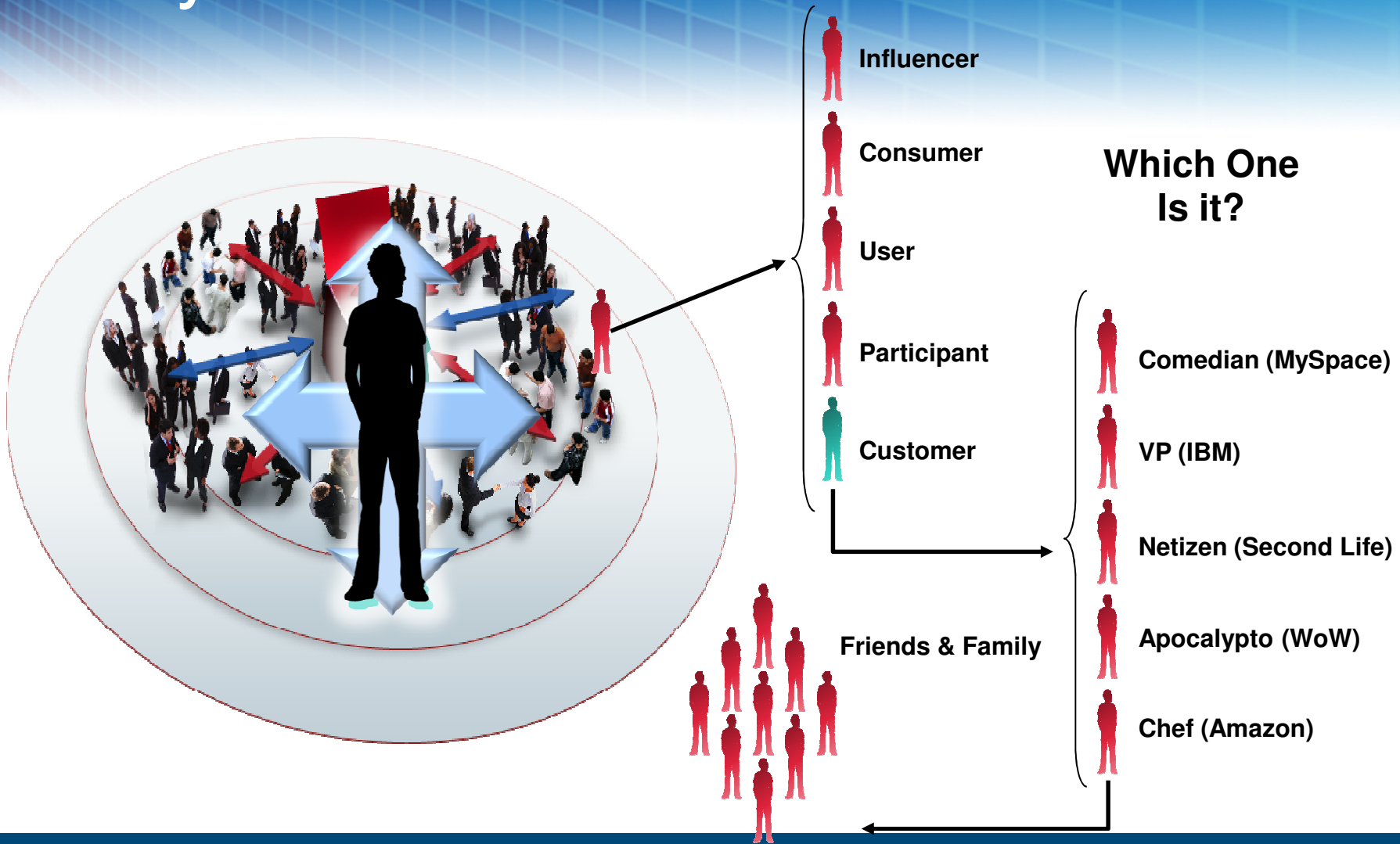
It's all changing

**Business Analytics**

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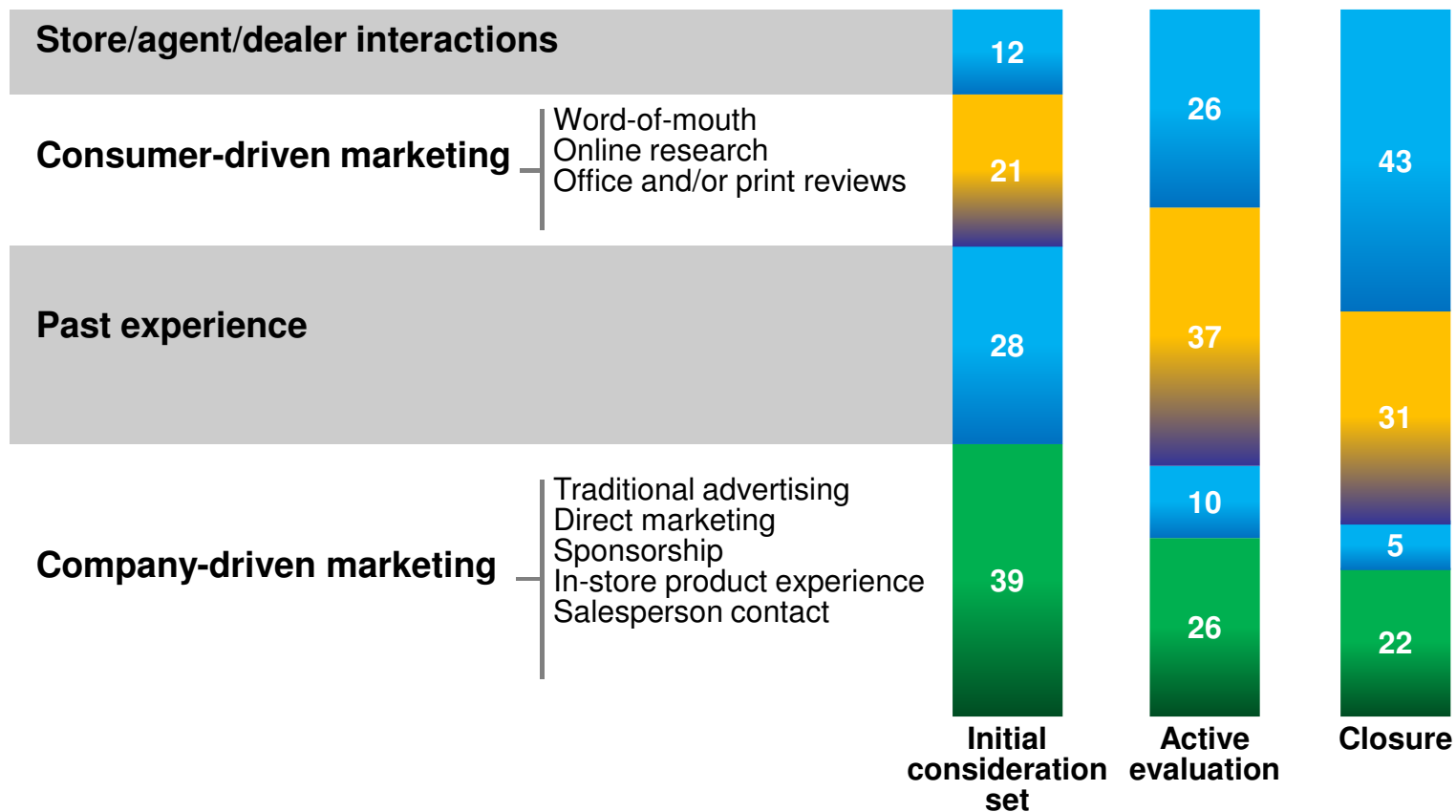


# Multiple Online Personalities: Beyond 1 to 1



# Moments that Most Influence Their Purchases

Most influential touch points by stage of consumer decision journey, for competitors and new customers, % of effectiveness



# 78%

Of consumers **trust** other consumers  
versus 13% for mobile text ads  
and 63% for newspaper ads

A black and white photograph of a person from behind, wearing a dark t-shirt with the text "advertising lies" printed on the back in white. The person is standing outdoors on a paved surface, possibly a sidewalk or street. The background is slightly blurred, showing some foliage and a building.

advertising  
lies

# The Shift in Customer Power

The collage features several overlapping screenshots of consumer review platforms:

- Yelp:** Header with "Real People. Real Reviews." and navigation links like "Home", "Companies", "Products", "You", "Get a Widget", "Sign in", "Or Sign up to Get Satisfaction", "Friends", "Messaging", "Talk", "Events", "Member Search", "Account", "Log In".
- Get Satisfaction:** Header with "GET SATISFACTION" and a main heading "Customer service doesn't have to suck." Below it, text reads: "Real conversations with company employees and customers who will answer your questions about the products and services you use. Get heard." It also states "6,873 companies, 6,708 products and services and counting..." and includes buttons for "Find a product" and "Find a company".
- Angie's list:** Header with "Angie's list" and navigation links "Quick Tour", "How It Works", "FAQ", "Tips". A central image shows a room with a text box: "They were very careful to consider problem spots that might be harmful for our toddler." Below the image is a button "Join Angie's list" and the text "Get reliable feedback before you hire."
- Buzzillions:** Header with "Buzzillions" and a search bar. Below the search bar are categories: "ELECTRONICS", "COMPUTERS", "SPORTS", "HOME + GARDEN", "HEALTH + BEAUTY", "CLOTHING", "SHOES", "TOYS", "BABY", "BOOKS", "SEE ALL". The main content area features the heading "Product reviews from people like you." and subtext "Read + Write Reviews · Get Shopping Advice · Find the Best Products". It includes a "FIND PRODUCT REVIEWS" section for "Electronics" listing items like "Bluetooth Headsets", "Camcorders", "Camera Lenses", "Digital Cameras", "Headphones", "MP3 Players", "Speakers & Subwoofers", "All Electronics Reviews". It also features a "REVIEW OF THE DAY" for "LUSH Volcano Foot Mask" with a 5.0 rating and a photo of the product.
- TravelAdvisor:** Header with "Bargain Travel Guide is here. GET YOURS >" and navigation links "Destinations", "Fun & Games", "Just For Members", "Travel Inspiration".

# Change starts now...

## Implement & Revise

- Commit to a strategy
  - Pick one area to improve in the next 3 months
- Measure, document and share success
  - Gain momentum and recognition throughout the business
- Iterative & adaptive approach
  - Use feedback to tweak decisions

# Summary

- Customer Intimacy is the next step in the customer centric evolution
- Dramatic results are achievable through a Customer Intimacy strategy
  - Enterprise-wide
  - Specific departments
- IBM SPSS predictive analytics delivers an end-to-end Customer Intimacy solution