Listen, learn and soar

big data and the modern marketer

Marketing used to be a one-way conversation but new technologies have given the customer a voice and shifted the balance of power in their favour. Companies need to develop new ways to interact with customers on their terms. **Clare Coulson** *takes a look at the rise of the relevant customer experience...*

It used to be said that you had 30 seconds from when a customer stepped in to your store or office to when they made a decision to buy or use your service. But at least they were entering your domain where every aspect of the experience could be controlled and calibrated to make them more likely to spend with you. Today the decision is made in a matter of seconds and between clicks. The vast majority of customers have already made up their mind whether to purchase from you long before they set foot on your premises, and many of them won't even make the trip, preferring to interact online. Then there is the question of competition from abroad thanks to e-commerce and cloud services. The perfect customer experience has become at once paramount to success and increasingly difficult to deliver.

Achieving improved customer experience can come in many forms. The *2014 IBM Global C-Suite Survey*, which interviewed more than 4000 C-suite leaders (known as CxOs), showed that 54 percent of CxOs said customers now have a large influence on their enterprise, and its results showed that outperforming enterprises are 24 percent more likely than underperforming enterprises to collaborate extensively with their customers.

The survey also showed that "the emergence of social, mobile and digital networks has played a big part in democratising the relationship between organisations and their customers. It is also forcing them to rethink how they work." It is becoming increasingly important to meld the two dimensions, the report says, pointing out that chief marketing officers (CMOs) in particular consider it "critical to put the components of a strong digital strategy in place".

These digital ambitions include (in order of importance as per the survey results) integration of cross-channel touch points, analytics to capture customer insights, social networks to foster collaboration, a workforce aligned to opportunities and a digitally-enabled supply chain.

Going direct

As digital infuses the physical and vice versa organisations are transforming the customer experience and more than half of CxOs today aim to understand and engage the customer as an individual rather than a category or market segment.

Vaughan Chandler, executive manager of Qantas Loyalty's new marketing analytics agency Red Planet says: "Marketing is becoming more personal and direct. There is an increasing need for businesses and marketers in general to understand who they are targeting and the effectiveness of their marketing activity across multiple channels, to be able to provide improved visibility, better insights into customer behaviour change and commercial outcomes. The challenge for many marketers is how they gain understanding of who their customers are, how they engage them with the right message, at the right time, and with less waste."

Insights into customer needs and behaviour come from analysing the data you have on your clients. Nick Hearn, GM of Lab360, a division of Loyalty New Zealand which acts as an agency for third party clients, says that he thinks New Zealand is cottoning on to the fact that the term 'big data' is a bit misleading and that we should actually be talking about 'relevant data'.

"Without the relevant data you are stuck," he says, adding that one client needed 92 percent of its data cleansed before they could even start. "At a holistic level people don't want to be shouted at anymore. They want to know they are being listened to – they want one-on-one marketing."

Advisory firm Deloitte has also highlighted this trend towards using data analytics to treat customers as individuals. In its *Tech Trends 2015* report it said: "CIOs and CMOs should embrace the reality that the marketing levers of the past no longer work the same way, if at all. The front office of marketing has been recast around connectivity and engagement – seamless contextual outreach tailored to specific individuals based on their preferences, behaviours, and purchase histories. At the same time, marketing's back office has been transformed by new technologies for accelerating and automating campaigns, content and positioning – fueled by data and analytics. Together, these new dimensions are ushering in a new breed of marketing: dimensional marketing."

Deloitte breaks 'dimensional marketing' up into four quadrants: customer experience, relationships as interactions, targeted intelligence, and the multidimensional channel. In summary this means customer experiences should be hyper-personalised, contextual and real-time; customer relationships should be built on a dialogue with consumers rather than a one-way broadcast; marketing campaigns should be data-driven; and the technology that powers all of this needs to be omni-channel and able to serve contextual content based on where customers are, what they are doing and what they might want next.

Experience is everything

Gartner's recent '*The State of Customer Experience Innovation, 2015 survey*' reiterated this new push for better customer experiences. In 2014 the biggest focus was on customer experience

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Top 10 customer experience projects for 2015 (vs 2014)

2015	Project category	Change (2014)	
1st	Acting as one organisation to ensure multichannel consistency	⬆	7th
2nd	Activating self-service; providing tools to select/order/track/stop	↔	2nd
3rd	Collecting/analysing customer feedback/communicating actions	⬇	1st
4th	Implementing and measuring customer experience metrics	↔	4th
5th	Creating a single view of the customer	⬆	6th
6th	Reconfiguring customer processes	⬇	3rd
7th	Altering attitudes and employee behaviour	⬇	5th
8th	Personalising products, services and offerings	⬆	10th
9th	Developing a customer experience management strategy	↔	9th
10th	Enabling community/social networking; reviews/recommendations	⬆	11th

Source: Gartner's '*The State of Customer Experience Innovation, survey 2015*'

Image: Freepik.com

(CX) programmes to improve the collection and analysis of customer feedback and "opening up" the organisation. While this remains high on the list of priorities this year, organisations have also highlighted that they are interested in projects aimed at improving consistency across channels and acting as one unified organisation.

This is unsurprising as the report authors said that successful CX projects are characterised by improved customer feedback and customer engagement, backed by good leadership, improved processes and multichannel management. The report authors added: "There is no silver bullet to improve customer experience, but a combination of projects can cumulatively contribute to better customer experience and create a hard-to-copy competitive advantage."

The top three projects to improve customer experience in 2015 are:

- Acting as one organisation to ensure multi-channel consistency.
- Activating self-service; providing tools to select/order/track/stop.
- Collecting/analysing customer feedback/communicating actions.

Personalised technology

There is a recurring theme in recent research literature – at their base, customer experience projects are about having the right information at the right time so as to be able to act on and even predict clients' needs and wants. And that requires an integrated platform hub that can act as a single point of truth. More data however, does not automatically mean better decisions. In its summary for the *2014 Digital Marketing Hub Magic Quadrant,* Gartner said: "CMOs and digital marketing leaders are under pressure to engage individuals on increasingly fragmented and unpredictable terms, driving the need for a common pool of profile data, analytics, workflow and content resources enabled by a digital marketing hub."

Gartner named Adobe, Oracle and Salesforce as 'leaders' in the digital marketing hub landscape, with IBM and Marketo named as 'challengers' and IgnitionOne leading the way in the 'visionaries' quadrant.

Warning: big data and the organisation/ customer disconnect

Customer centricity expert Gerry McGovern recently discussed in a blog how big data done wrong can ironically cause organisations to become more disconnected from their customers.

"Technology creates both insights and blindness when it comes to understanding customers," he said. "Much of big data is about customer behaviour: what they bought, how they bought, what devices they used, how many pages they looked at, etc. In some ways, organisations have never known more about their customers. In other ways, they have never known less. The big thing missing in big data is empathy. There's lots of data on customers, but real human, living customers are not to be found in data. The irony is that to create big data the customer needs to be interacting with technology instead of with an employee. In many organisations, less and less employees have direct interaction with customers."

McGovern referred to a 2015-published study by IBM and Econsultancy in which the biggest takeaway was the disconnect between how marketers perceive the job they're doing and how consumers perceive that job. While most brands thought they were very good at customer experience, only one in three consumers felt their favorite brands understood them. Another study conducted by Kitewheel highlighted how the majority of customers felt that loyalty programmes should be a way for brands to show how loyal they are to them as customers, while the majority of marketers thought the reverse. Customers are radically changing both in the way they think and in the tools they use, McGovern said. Meanwhile big data does not help to develop empathy and the above results suggesting that there is still a gap in terms of interpreting and analysing data.

There's another problem too, McGovern said: consumer IT spend has grown five times in a decade but the IT spend at companies' has remained flat. Consumers are innovating. Companies are not, he said, quoting Oracle CEO Mark Hurd.

"Companies used to have all the cool technology toys. Now many of them feel like they're stuck in the age of the horse and cart. Internal systems hardly ever invest in usability and simplicity, and CEOs aren't sufficiently recognising the problem."

"Developing understanding of and empathy for the customer is the single greatest challenge and opportunity that organisations face today. Big data only becomes useful when the people using it have a true understanding of who their customer is. Without that understanding, big data is likely to increase that gap," he concluded.

Oracle has recently established a Marketing Cloud business unit so marketers can have one-stop access to all the data they need to inform marketing campaigns. Adobe has also recently announced advances in its integration of big data with creative content, introducing tighter connections between its creative tools and marketing solutions.

Any new technology, will, however, need to allow marketers to deliver individually tailored and contextually appropriate products, services and offers at speed and scale and this will only become all the more pressing as the internet of things (IoT) continues to grow and evolve.

Chandler says: "Customers can be accessed through multi-channel methods that allow businesses to communicate with them more effectively to achieve better outcomes on their marketing spend. It is about finding and targeting the right customer, at the right moment, and at the right time to make that purchase. The connectivity that our customers use today allows us to get a better understanding and insight of how we can interact with them more effectively for better results."

Today's data feeds from mobiles, wearables and IoT devices promise marketers rich new streams of information that can be mined for marketing insights and to gauge customer sentiment. In November 2014, Gartner predicted that 25 billion connected 'things' will be in use by 2020, compared with more than half of those being consumer devices. A new report released by Cisco and DHL in April 2015 saw this estimate double to 50 billion devices by 2020, compared to the 15 billion that are already connected today. Needless to say, these connected devices are going to be a huge disruptive influence and will reach far beyond the mobile phone and smartwatch scenarios that we are currently getting to grips with.

Big data dealers

There is also a whole industry of new marketing/analytics agencies springing up – and interestingly they are often business units within well-known enterprises that are monetising their own data. Qantas's Red Planet and Loyalty NZ's Lab360 are just two such examples of agencies inside corporates that are backed by massive data banks. Both have compelling stories to tell about how in-depth knowledge of your customers can make a massive impact on your bottom line. Meanwhile, Air New Zealand and Canadian marketing and loyalty analytics company Aimia have bought Waikato University's 11Ants Analytics, whose main product is a cloud-based customer science platform, which turns customer data into insights. Air New Zealand and Aimia are planning to use it to develop new products in the travel sector.

Speaking at the AdTech conference in Sydney in March this year, Qantas Loyalty's executive manager of the group brand and chief marketing officer Stephanie Tully said that Qantas Loyalty is, at its heart, a data and marketing business – one that is paying off nicely for its parent airline. Indeed, Tully said Qantas Loyalty delivered A$286 million to its parent company last year, largely through the sale of points to partners, which benefit from the deep engagement with consumers that Qantas can deliver. Each time Qantas Loyalty sends out an e-message to its members it issues about 50,000 targeted variants.

It's this experience with data and nurturing personalised customer relationships that eventually led it to establish its new media analytics and research business unit, Red Planet, last year. After all it has 27 years' of historical insights about 10.6 million members – or half the Australian population. Initially Qantas trialed Red Planet's service internally for its online Qantas Airways campaigns and found that using Red Planet insights and modelling made the campaigns four times more effective than traditional campaigns the airline had run.

Across the ditch, Loyalty New Zealand has been using 'big data' to target customers since 1996. It's best known for its Fly Buys programme which has over 2.4 million cardholders, but also runs the full-service data and analytics agency Lab360 headed up by Hearn, which combines Loyalty New Zealand's customer insights with those of its clients to help refine their business and marketing strategies.

Technology may be the key to 'listening' to your customer, but Hearn is quick to say that purchasing technology does not make you innovative with technology. Lab360 employs people with machine learning, BI and data management skills to name a few. Its process involves combining a clients' existing, cleansed data with new sources, in-depth customer profiling and segmentation along with attitudinal research and mapping. This is then translated into implementing improvements to the client's business, such as product range consolidation, site selection, and cross-sell and up-sell programmes.

In New Zealand these programmes are mainly limited to electronic or physical direct mail campaigns, says Hearn, who thinks that Kiwis are yet to engage in more sophisticated social media marketing, even though the best way to engage with the consumer is digitally. Nevertheless Hearn says that Lab360 is currently trialing iBeacon technology (devices which can send location proximity data to iPhones), and he thinks that while it is currently quite expensive to deploy, the concept will become omnipresent in the future, giving marketers an easy way to interact in situ with potential customers.

Tangible results

Lab360 has had some impressive results. New Zealand's largest insurer had a 600 percent return on investment when Lab360 used its Knowledge
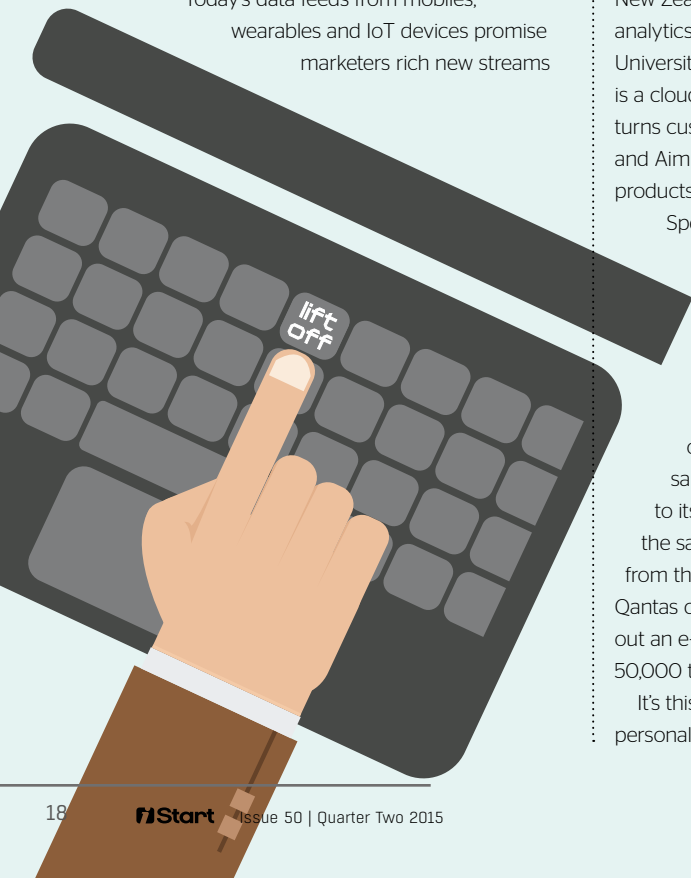
> "While data insights are important, it is still critical to apply a creative approach to marketing and not rely totally on the data and science."

Cube (a proprietary model in which New Zealanders have been split into 38 micro-segments) to create an acquisition database and targeted direct mail campaign. And New World was able to run an individualised mailbox drop campaign for its wine programme in which it created tens of thousands of subtly different versions of the campaign.

Red Planet meanwhile helped bookseller Dymocks to increase member engagement in its Booklover loyalty programme by targeting members with offers relevant to them. Red Planet's approach was to use Dymock's data to identify previous high-value members based on their past purchase behaviour. The result was a more than 400 percent improvement in open rates for targeted electronic direct mail, compared with non-targeted; open rates as high as 50 percent on individual targeted campaigns; and a 30 percent boost in conversions.

With results like these it is no wonder that marketers are beginning to look beyond their current technologies to help close the gap between data collection, relevant data insights and concrete actions to deliver what the customer wants.

It might sound like marketing is going down the track of 'painting by numbers' but that is not the case. Customers still respond to novelty and constantly want to be 'surprised and delighted' by their brand experiences. As Tully said, while data insights are important, it is still critical to apply a creative approach to marketing and not rely totally on the data and science. Marketing campaigns need to be data driven but creative, attention-grabbing and pertinent to the individual. And that is just the beginning. Modern marketers need to work with the IT department and operations teams to ensure that the overall experience makes good on the marketing promise and listen closely to customer feedback to ensure that they continue to deliver results. 🎯