IBM

Retain and Delight Your Customers by Applying IBM Predictive Customer Intelligence

Redguides
for Business Leaders

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■ Enhance your customer relationships
across all your channels and touch points

■ Produce personalized customer offers and
recommendations

■ Learn from real-world case studies across
various industries

Redbooks

Executive overview

What if you knew which customers would most likely respond to a campaign or marketing promotion? Or knew which customers are at risk for attrition and if given the chance could provide retention offers that significantly reduced the risk of customer attrition? What if you knew the best cross-sell/up-sell opportunities with your customers? What if you and your organization knew the best action to take with each customer right now? How would it help your business if you knew each customer's lifetime value? What if you could easily find ways to increase customer repeat visits and grow loyal and profitable relationships? What if you had a way to deliver a smarter, personalized, seamless customer experience regardless of the channel?

For many customer-centric organizations, having a solution to these questions would be a dream come true. For many organizations, creating positive and memorable customer experiences is a goal they are still striving toward. The now well established *age of the empowered customer* has many organizations scrambling to relate to each individual customer on their terms with customized offers that fit their needs and desires. Many organizations understand that in order to retain, grow, and acquire customers, they must improve their interactions with the customer and build strong knowledge-based relationships with customers.

How to build a strong bond with customers is the central issue. Organizations often lack a consistent customer relationship strategy that engages both the organization's business functions and their channels, producing the following limitations:

► Lacking the ability to use all available customer information during interactions resulting in inappropriate or ineffective offers and communications, inconsistent service delivery, and distressed customer relationships.

► Missing the opportunity to use knowledge of past, present, and future events that could directly have an impact on customer value.

► Providing the customer with inconsistent or different treatments when the customer is using various channels. This situation could be caused by lines of business operating independent of each other. For example, marketing is encouraging customers to make purchases as quickly as possible. However, order fulfillment is too busy, has limited inventory, or is understaffed causing the delivery to be delayed ultimately frustrating customers.

IBM® Predictive Customer Intelligence ensures that all interactions with customers are coordinated, optimized, and effective. IBM Predictive Customer Intelligence gives your

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organization the ability to quickly sift through a wide range of customer information to provide insight and determine the most appropriate action for individual customers at critical points in the customer experience. By having this ability, your organization will be able to maximize customer satisfaction and increase sales revenue.

IBM Predictive Customer Intelligence brings together in a single solution the ability to do the following activities:

► Provide a personalized rich 360-degree view of each customer.

► Determine the best action for each particular customer.

► Retain customers identified as likely to leave.

► Microsegment your customers to provide targeted marketing at the individual "market of one" level.

► Identify the best time and the most appropriate channel to deliver an offer to a customer, such as email, telephone call, or a message to their mobile device.

This IBM Redguide® publication introduces the IBM Predictive Customer Intelligence solution and highlights the business value of the solution. It provides a high-level architecture and identifies key components of the architecture. The guide includes real-world customer case studies of implemented solutions in various industries.

Facing the new age of the empowered customer

In the paper *Empowered Customers Drive Collaborative Business Evolution*, Forrester Group states, "Delivering an outstanding customer experience has become a strategic imperative. This is true across all roles, and for marketing, customer service, and e-business leadership roles in particular, delivering on customers' evolving expectations and keeping up with their use of technology has become paramount. In today's environment, companies are being forced to adapt their business models, customer experience, and marketing strategies quickly, and our research found a link between companies' flexibility and willingness to adapt and their businesses' growth rates.[1]"

Organizations are being confronted by dramatic changes to the way business is performed:

► Increasingly empowered customer

This empowerment is providing customers with unlimited access to information and the ability to share their experience instantaneously. This access is raising expectations of the customer with regards to the quality and pricing of products and services and on the effectiveness of customer support. The relationship between the customer and the organization has changed dramatically because of the technology in the hands of the customer.

► Limited organizational insight

Many organizations are unable to use the information and knowledge of past and present events to increase their value to the customer. Without a complete view of the customer, an organization when interacting with a customer can miss potential opportunities. And when key customer information is not shared across organizational areas, the customer can experience inconsistent service delivery, potentially frustrating the customer.

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[1] Empowered Customers Drive Collaborative Business Evolution®, Forrester Research, Inc, May 2012, found at: http://www.ibm.com/connect/ibm/attachments/U738961D40522U33/Empowered_Customers_Drive_Collaboarative_Business_Evolution.pdf

- ► Empowered customers demand personalized and relevant attention

  Empowered customers want the companies they interact with to anticipate and service their particular purchasing needs. They want convenient and easy ways to interact with companies. They want each company to be there when they need them. They want companies they deal with to know them personally in context and to remember all of the previous interactions regardless of the channel being used. Customers' expectations are shaped by the best in class, who may operate in a very different industry to yours.

In order to influence the new empowered customer, organizations have to strive for these results:

- ► Deliver an end-to-end solution that is able to consume, integrate, analyze, and score data in order to determine the most appropriate action. This processing must occur for each individual customer and their situation.

- ► Gather and synthesize insights from analysis of multiple data sources, including social, text, click stream, and transactional customer data to predict customer sentiment and needs in real time.

- ► Combine the complete view of the customer with additional contextual information gathered at the time of interaction, resulting in appropriate and timely offers and communications.

- ► Provide consistent service delivery along with building strong customer relationships, resulting in lower customer churn.

- ► Provide cross channel integration and integrated lines of business support, enabling consistent and strategic interactions with the customer.

- ► Coordinated marketing offers that provide customer value over a lifetime.

- ► Integration of analytics into the organization to provide long-term value and an enhanced long-term strategy.

Customer understanding and insights are critical to decision making at all levels of an organization. The IBM Predictive Customer Intelligence solution can help provide the knowledge and insight needed to make better decisions concerning customers.

The business value of IBM Predictive Customer Intelligence

A comprehensive profile of your customers is required today in order to respond effectively to customer requests. This profile is built using data from diverse sources that must be analyzed in tandem. The data may be commonly used structured data and diverse unstructured data that can be internal and external to the business environment. Given the estimate that over 80% of data generated is unstructured, this is a valuable yet often untapped resource.

IBM Predictive Customer Intelligence can continuously analyze all of these data types. It can provide insights and recommendations (based on this data) that are used to create finely tuned customer interactions specific to the customer's needs. IBM Predictive Customer Intelligence provides the following benefits:

- ► Wide reaching customer insight

  After using IBM Predictive Customer Intelligence to analyze all the pertinent data related to each customer, the resulting single view of the customer can be shared across the organization, feeding into systems of engagement or presented in a manner tailored to each user's needs. In essence, IBM Predictive Customer Intelligence enables an organization to develop an integrated customer insight engine that improves interactions with the customer.

- ► Meaningful customer segmentation

  IBM Predictive Customer Intelligence enables organizations to deploy a wide spectrum of approaches to segmentation where a batch approach (as opposed to 1:1 ratio) is required.

- ► Understanding individual preferences via dynamic segmentation

  The analysis of behavior (for example, preferred communications channel) within a dynamic segment fills in the gaps where an individual's preferences are not fully known.

- ► Multi-channel optimization

  IBM Predictive Customer Intelligence enables an organization to deliver a seamless multichannel experience to the customer, enabling the customer to feel in control of the interaction. The various channels available for customer access include mobile devices and phones, chat, and face-to-face.

- ► Impeccable customer experience

  IBM Predictive Customer Intelligence enables an organization to design a flawless customer experience. By having a comprehensive profile of each customer, an organization is able to produce a customer experience that emotionally connects the customer with the brand.

All of these benefits enable the organization to provide the customer with the right interaction (including solutions and offers) at the right time wherever and whenever needed.

Making sense of your customer-related data

IBM Predictive Customer Intelligence helps translate all the data and information you have about your customers (within and external to the organization) into insights and recommendations that help the organization understand and effectively interact with each customer. These insights and the ability to take action on those insights can drive long-term customer loyalty and value. This solution coalesces customer care strategies across the organization's functional areas, such as sales, marketing, customer service, and billing.

A holistic and insightful view of the customer is driven by an effort to better understand the customer based on all the data, information, experience, and interactions the organization has with the customer and that of the broader population of other customers displaying similar behaviors. This approach includes information that the customer may communicate electronically about the organization via social media.

Figure 1 on page 5 shows moving across the spectrum from the current departmental/siloed view where information can be fragmented and sometimes absent to an improved environment that empowers an organization based on a single cohesive view of the customer. This single view captures key insights from business applications, all customer interactions (past, current, and possibly considering future perspectives), and all data types. This approach drives customer interactions in a proactive fashion. Along with customer service, customer-facing teams in sales and marketing have an aligned, consistent view of the customer.
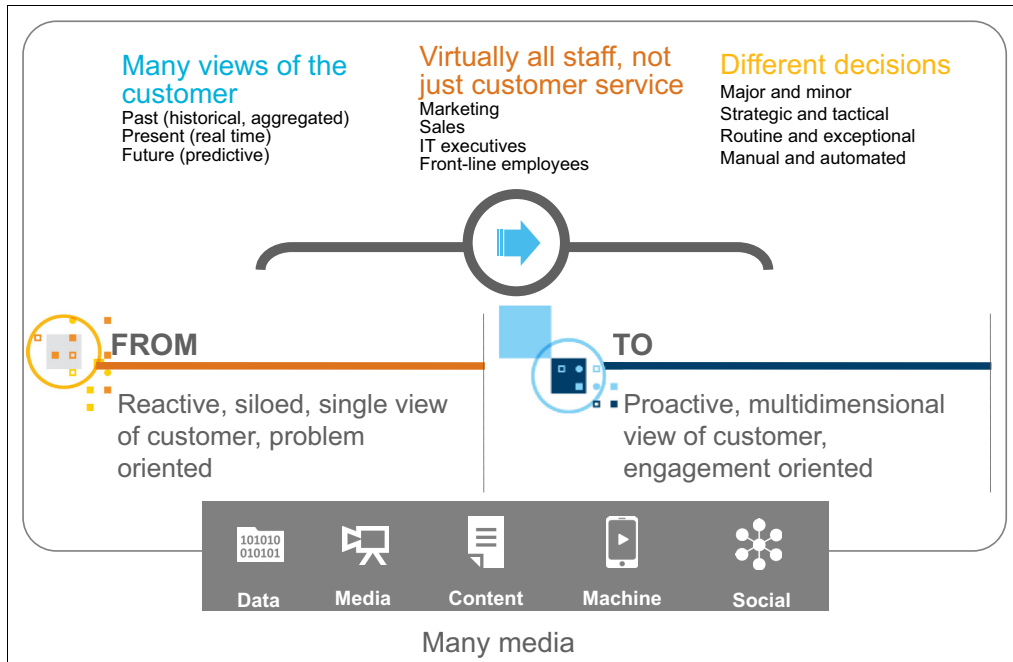
Figure 1   Aligned customer service and marketing approach to the customer

IBM Predictive Customer Intelligence drives optimized customer interaction at the point of contact based on predicted outcomes and behavior to achieve the wanted results.

IBM Predictive Customer Intelligence helps an organization personalize the customer interaction by applying the most relevant recommendations to each individual customer. These recommendations are generated from advanced algorithms that examine and reveal hidden patterns and associations within various types of data, such as buying behavior, web activity, and social media presence. For a comprehensive approach to understanding and retaining your customers, use IBM Predictive Customer Intelligence to apply the following concepts:

► Identify and segment customers

This approach enables marketing to effectively market to existing and potential customers by knowing the customer, their needs, and preferences.

► Optimize offers and decisions

With customer insight, the marketing and sales teams can develop offers that are tailored to business objectives and respond to the customer's unique profile. This is accomplished typically by having the systems set up for recommended actions to be injected directly into marketing execution systems and fed to customer-facing associates or to self-service channels, such as online stores or mobile apps.

► Perform market-basket analysis

Create tailored offers reflecting the likelihood of a customer buying a certain item based on their purchase history (and that of their peers) and other determining variables. This activity is performed at the point of purchase for up-sell and cross-sell purposes.

► Engender loyalty and profitability

Grow customer relationships and attract customers to higher-value segments by informing them of opportunities to purchase products and services that would likely be of interest to them, with a deep understanding of their purchase triggers. For example, do not offer somebody a 20% discount if they are predicted to make a purchase at a 5% discount or

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perhaps suggest additional products that appeal to a preference, such as environmental sustainability.

► Minimize churn and build lifetime value

Proactively decrease churn by being responsive to customer needs and sentiment during every interaction. Use Customer Lifetime Value (CLTV) calculations to focus retention efforts on the highest value customers.

IBM Predictive Customer Intelligence in the business environment

IBM Predictive Customer Intelligence can be used by companies to personalize the customer experience by making relevant recommendations to each individual customer based on a 360-degree view of the customer. This solution gathers customer information from multiple internal and external sources and models customer behavior. Scoring capabilities provide customized actions that can be taken to provide the right offer to the right customer at the right time through the right channel.

Figure 2 provides a view of the IBM Predictive Customer Intelligence within a business environment.
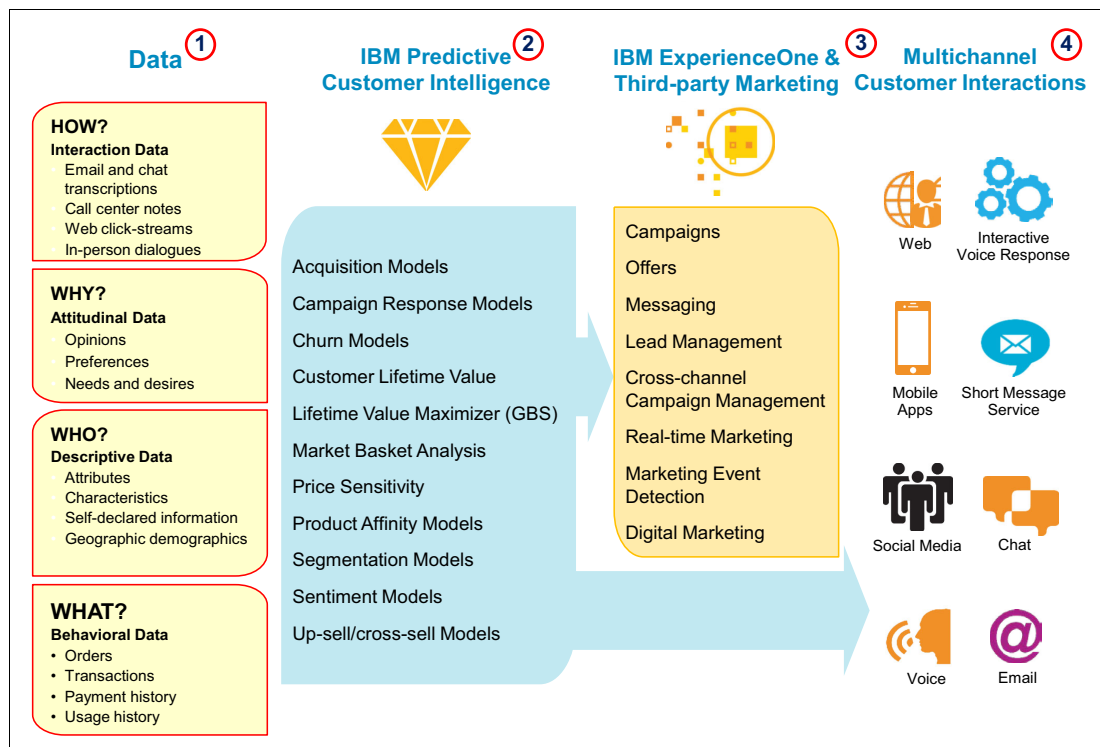

Figure 2   IBM Predictive Customer Intelligence in a business environment

In Figure 2 the following elements are shown:

► Data (Figure 2, column 1)

Data provides the basic inputs for understanding who the customer is, how they interact with the business, what business they have done to date, and why they purchase goods or services. The data can be interaction, attitudinal, descriptive, and behavioral in nature. The sources of this data can be internal and external to the company and the data can be

structured and unstructured. The interaction data includes historical data, as well as, the here and now (the context of the interaction). This data provides the basis for IBM Predictive Customer Intelligence to create a 360-degree view of the customer that is used to make relevant recommendations.

► IBM Predictive Customer Intelligence (Figure 2 on page 6, column 2)

Within IBM Predictive Customer Intelligence are various models that can be deployed directly at the point of interaction or point of contact. The models can also be deployed to interact with IBM and third party marketing systems, outbound marketing, and digital channels. The overall goal of IBM Predictive Customer Intelligence is to maximize every interaction with the customer, regardless of where and how you are communicating with them.

These models can be tailored and extended to fit the organization's evolving and unique requirements in order to help you confidently recommend a personalized relevant offer/solution to each customer situation:

– Predictive analytics help the organization anticipate the behavior of individual customers.

– Decision management converts predictive model scoring results into the appropriate actions.

– Real-time scoring is used to generate and re-generate predictions on demand.

– Cross-campaign optimization identifies the most profitable decisions related to each customer.

IBM Predictive Customer Intelligence also features a connector for IBM InfoSphere Streams in order to support high volume streaming data. This integration is important for customers that need recommendations for high volumes of transactions within seconds.

IBM Predictive Customer Intelligence is not just for outbound marketing campaigns and not just for customer segmentation. It supports the complete customer lifecycle and enhances the customer interaction and the customer relationship overall.

► IBM ExperienceOne or third-party marketing (Figure 2 on page 6, column 3)

IBM Predictive Customer Intelligence has connectors to IBM ExperienceOne solutions for efficient execution of recommended actions:

– IBM Campaign is a web-based solution that enables users to design, run, and analyze direct marketing campaigns.

– IBM Interact provides personalized offers and customer profile information in real-time.

– IBM Marketing Platform provides security, configuration, and dashboard features for IBM ExperienceOne products.

IBM Predictive Customer Intelligence also integrates with various third-party marketing solutions that provide services, such as creating and running campaigns, creating offers, messaging, and supporting lead management, cross-channel campaign management, real-time marketing, marketing event detection, and digital marketing.

► Multichannel customer interactions (Figure 2 on page 6, column 4)

The multichannel customer interactions include the various systems of engagement that can be used to interact with the customer. IBM Predictive Customer Intelligence will recommend the best form of engagement based on the organization's marketing execution and systems of engagement solutions.

The analytic engines that make up the core of IBM Predictive Customer Intelligence are the most strategic and transformational capabilities available for an organization, because they provide the richest, most sophisticated analytic techniques. They enable an organization to

deploy accurate, fact-based, and consistent decisions (interactions) with their customer. These interactions and the resulting positive outcomes directly impact the business. In this integrated business environment, an organization can minimize inconsistency and variations in communications at all customer interaction points.

It is important to understand that the organization can clearly define, maintain, and fine-tune the criteria used to generate these customer-facing decisions and interactions, as often as needed.

IBM Predictive Customer Intelligence high-level architecture

IBM Predictive Customer Intelligence can be viewed as a layered architecture. Providing a layered architecture makes it easier for an organization to customize the overall solution to fit their needs. Figure 3 shows IBM Predictive Customer Intelligence in the context of its surrounding environment that is represented in three distinct layers.
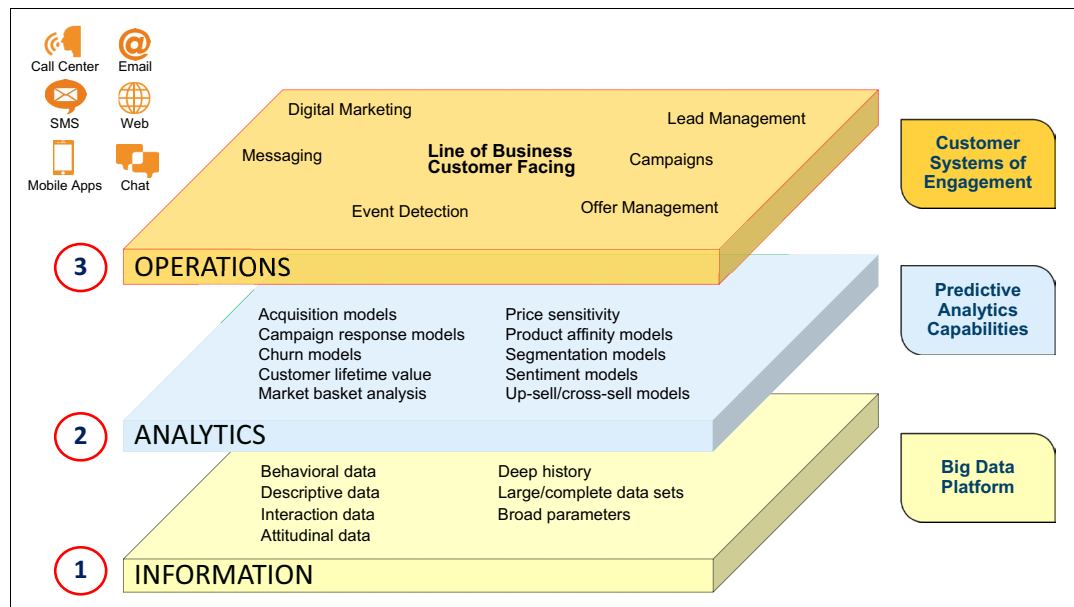

Figure 3   IBM Predictive Customer Intelligence in surrounding environment

Figure 3 shows the three layers as follows:

► Information (Figure 3, layer 1)

This big data platform manages a wide variety of data and information related to each customer. The platform can deal with various data including behavioral, descriptive, and attitudinal data, data from interactions, historical data, large and complete data sets, and broad parameters.

The platform includes the following capabilities:

– Capture, maintain, and analyze various types of *data in motion* (streaming data) in their original format.

– Provide deep insights based on advanced in-database analytics.

– Analyze large volumes of *data at rest* to gain insights. The data includes social media data, emails, web logs, and other types of documents. Data can be analyzed in its native format, without imposing a schema or structure, enabling fast ad hoc analysis.

- Store and perform analytics on a large volume of current and historical structured data, such as customer data, transactions relating to the customer, product information, and any formalized customer-related activity.

- Perform master data management (MDM) that provides a single view of customers, products, services, and assets.

- Provide information integration that includes moving, transforming, and remediating information as it flows between the various layers.

► Analytics (Figure 3 on page 8, layer 2)

IBM Predictive Customer Intelligence has an extensive set of predictive modeling and analytic capabilities that provide insights and recommendations to the customer-facing business units within an organization and to systems of engagement. During customer interactions, IBM Predictive Customer Intelligence helps optimize those interactions and improves the customer experience.

Predictive models are designed to bring predictive intelligence to decisions. They can discover hidden relationships in volumes of structured and unstructured data. These relationships and insights are used to make recommendations during customer interactions. For example, predictive models can be used to determine the likelihood of a future customer purchase based on factors, such as customer age, browsing, and transaction history.

IBM Predictive Customer Intelligence contains various industry-specific modeling capabilities, such as customer acquisition, campaign response, churn, CLTV, market-basket, price sensitivity, product affinity, segmentation, sentiment, and up-sell/cross-sell models. These capabilities were developed based on extensive engagements with organizations over the years.

► Operations (Figure 3 on page 8, layer 3)

Operations encompass all the line-of-business customer-facing teams and systems that support and engage with the customer. These systems can be provided by IBM or third-party providers. IBM Predictive Customer Intelligence integrates with these systems providing key information that the teams and systems use in their customer-facing processes to improve marketing, sales, and customer service outcomes.

To explore IBM Predictive Customer Intelligence in more detail, Figure 4 on page 10 shows the core capabilities of IBM Predictive Customer Intelligence.
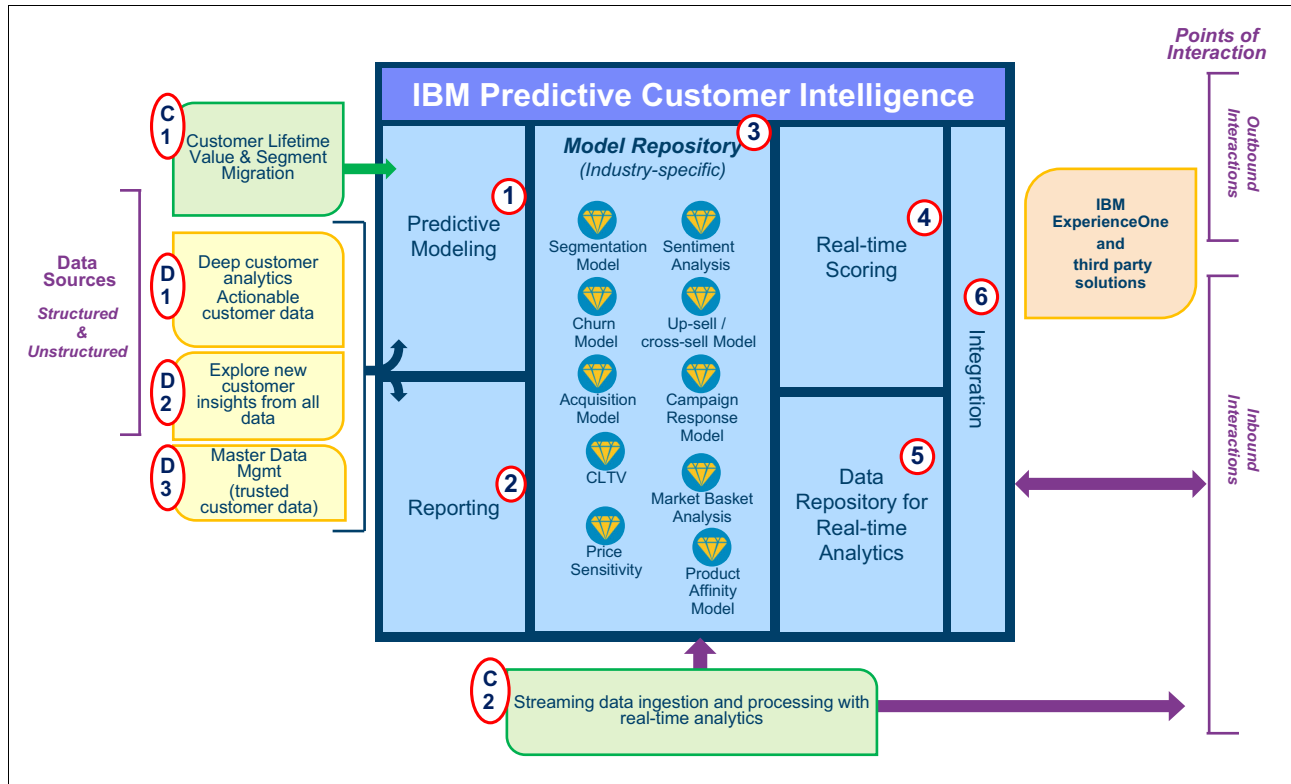
Figure 4   Core IBM Predictive Customer Intelligence components

IBM Predictive Customer Intelligence (shown in Figure 4) has the following core capabilities:

► Predictive modeling (Figure 4, item 1)

Predictive models are designed to bring predictive intelligence to decision making. The models can discover hidden relationships in volumes of structured and unstructured data and provide scoring to determine which is the optimal of many potential actions. These relationships and insights are used to make recommendations during customer interactions.

► Reporting (Figure 4, item 2)

Reporting tools are available that enable management and customer-facing teams to track, analyze, measure, and report customer interactions and marketing campaign results across all channels, markets, and customer segments. Powerful visualizations enable the teams to share insights and act on findings to better respond to customers and drive action. The reports can be integrated within the organization's enterprise business intelligence solution.

► Model repository (Figure 4, item 3)

IBM Predictive Customer Intelligence provides an extensive set of modeling capabilities that support customer-facing teams within an organization. These models are industry-specific, minimizing the time needed to take advantage of IBM Predictive Customer Intelligence. Sophisticated statistical and analytical algorithms are used to create the models, which include:

– Segmentation model supports customer segmentation (based on transactional data). The models form the basis for optimizing sales and marketing processes and provide a foundation for other predictive analytics.

– Churn (retention) model provides the means to identify which customers are at risk of leaving, to understand ways to increase retention, and to focus immediate interventions

on customers who might stay. The model uses data to find similarities and differences between customers who canceled versus those who stayed. These models can help improve or drive customer loyalty programs.

– Acquisition model helps focus on marketing efforts by understanding which prospects and customers are the most likely to purchase product and services. The results of this analysis are the basis for marketing programs focused on those individuals.

– Customer lifetime value (CLTV) segmentation classifies customers and provides recommendations on ways to retain customers based on their lifetime value to the organization.

– Price sensitivity measures at specified levels how pricing will affect the volume of sales that is also basis for predicting product demand (based on the product price). Both moving average and lag variables capture sensitivity changes that are derived from a time series of purchase data and other indicators of developing or diminishing price sensitivity based on various constraints.

– Sentiment analysis takes content from social media such as Twitter to understand participants view of or attitude toward something such as a situation or event.

– Up-sell/cross-sell model is based on association modeling. The results of this modeling can be used to make targeted recommendations of items that could be of value/interest to the customer. Multiple campaigns and business constraints can be scanned to find the best assignment of customers to campaigns. Also, the logic of business rules can be combined with the insight gained from predictive modeling to further improve the model.

– Campaign response model based on analytics is used to determine which customers are most likely to respond positively to a marketing campaign.

– Market basket analysis can be used to increase marketing effectiveness and to improve cross-sell and up-sell opportunities by making the right offer to the customer. For example, a retailer creating promotions based on this analysis can drive customer purchases because the promotion relates to them. Also, analyzing historical sales records and customers' online browsing behavior can help identify product sales patterns.

– Product affinity model helps identify the products that have a high probability of being purchased together or by the same person.

► Real-time scoring (Figure 4 on page 10, item 4)

– Real-time scoring relies on existing customer and performance information in order to perform analysis that results in a score. The score defines the risk class value associated with that customer or a customer segment or group. It can continuously score against transactional data such as high volume sales, customer service, and claims transactions. The scoring can provide customer service and marketing operational systems and business analysts with up-to-date predictions and recommendations rather than precalculated and static history. While interacting with the customer, the customer-facing teams can act on predictions and react to new information as they learn it.

► Data repository for real-time analysis (Figure 4 on page 10, item 5)

The repository contains all pertinent customer data that is used in any real-time analysis. The data is refreshed on a continual basis.

► Integration (Figure 4 on page 10, item 6)

The integration capabilities provide broad connectivity to a wide range of applications including IBM ExperienceOne and third-party engagement solutions, and data sources,

such as chat, call center communications, social media, mobile apps, web content, and Short Message Service (SMS).

Also included in Figure 4 on page 10 are two important connectors that work with IBM Predictive Customer Intelligence:

► Customer Lifetime Value (CLTV) and Segment Migration (Figure 4 on page 10, item C1)

This connector segregates customers by lifetime value using advanced analytics and then provides recommended actions to retain customers, which are based on their lifetime value segment. This insight helps an organization determine how much effort to spend to acquire or retain each customer. The inputs for this model are customer-related data from a wide variety of sources. This capability provides CLTV analysis into IBM Predictive Customer Intelligence.

► Streaming data ingestion and processing with real-time analytics (Figure 4 on page 10, item C2)

This solution efficiently delivers real-time analytic processing on constantly changing data in motion and enables descriptive and predictive analytics to support real-time decisions. It can capture and analyze data continuously. The results of this analysis are input into IBM Predictive Customer Intelligence.

The information layer in Figure 3 on page 8 showed various data sources being managed and analyzed by the Big Data Platform. Figure 4 on page 10 shows three key capabilities supporting the data:

► Deep customer analytics and actionable customer data (Figure 4 on page 10, item D1)

This capability has the ability to integrate, understand, manage, and govern data appropriately across its lifecycle. It supports analytics on customer data and provides actionable results.

► Explore new customer insights from all data (Figure 4 on page 10, item D2)

With this capability, new insights can be generated (sometimes inferred) by combining and analyzing data previously held separately.

► Master Data Management (Figure 4 on page 10, item D3)

Master Data Management offers a single, comprehensive, and consistent view of the business and its data. It is used to consolidate information from disparate silos so it can be used by IBM Predictive Customer Intelligence. It provides the foundation for the sharing of key data elements in a secure fashion and enables collaborative authoring of information across business channels.

IBM Predictive Customer Intelligence provides broad coverage across the customer lifecycle and understands where an organization can enhance their customer interaction and customer relationship overall. In summary it has these key capabilities:

► Transform data into insights that help you determine what individual customers are likely to want or do next, such as accept an offer, default on a mortgage or cancel a policy.

► Guide front-line customer interactions and experiences with predictive techniques.

► Use advanced customer churn models to predict and proactively manage customer retention.

► Engage in targeted marketing campaigns.

► Proactively identify and deal with customer service issues.

Industry case studies

IBM Predictive Customer Intelligence includes industry-specific templates for banking, retail, telecommunications, and insurance. These templates include industry-specific reports, samples, and algorithms to facilitate the implementation of a customized solution. The following real-world case studies provide insight into how this solution and analytic technology can help your organization.

Telecommunication

The telecommunications sector has several needs that IBM Predictive Customer Intelligence can help with including:

► Reducing churn
► Increasing average revenue per user (ARPU)
► Increasing the revenue generating unit (RGU)
► Increasing market share

C Spire Wireless

C Spire Wireless is the eighth-largest wireless provider in the United States, with approximately 900,000 customers. Its challenge was to convert what it knows about customers into actionable insights that help account reps craft the optimal offers that meet their customers' needs and head off customer dissatisfaction.

C Spire Wireless is using predictive models to examine the complexity of its customers' behavior and determine which service mix is optimal for each customer's need, as well as the indicators of imminent churn. By embedding these insights into its customer-facing processes, C Spire Wireless has empowered its reps to optimize their interactions with customers.

For more information about this case study, see the document "C Spire Wireless Predictive analytics and decision models used to optimize cross-selling and prevent churn" at the following web address:

http://www-01.ibm.com/common/ssi/cgi-bin/ssialias?subtype=AB&infotype=PM&appname=SWGE_YT_YT_USEN&htmlfid=YTC03708USEN&attachment=YTC03708USEN.PDF

XO Communications

XO Communications is one of the United States' largest communications service providers. They needed a way to ensure that their smaller customers do not fall through the cracks. For XO Communications, the challenge was to understand more about the reasons behind retention risks and place this insight into the hands of a greater range of employees. By applying an analytics-based solution, they had a signification reduction in revenue erosion for customers at most risk of churning. They also experienced sizable savings per year from increased customer retention and reduced customer service costs.

For more information about this case study, go to the following web address:

http://www-03.ibm.com/software/businesscasestudies/us/en/corp?synkey=M769227A94811T49

Ufone

PTML Ufone with a subscriber base of more than 20 million, runs various campaigns around the year to retain customers who use the service sparsely and might, in the future, stop using the service altogether.

These campaigns are designed to reach targeted customers to offer certain incentives based on their usage behavior and demographics. Customer responses, positive or negative, are captured and maintained in different systems. Without a robust Campaign Management Solution, Ufone was finding it difficult to manage these marketing campaigns, along with incurring high operational costs as running these campaigns is both resource intensive and time consuming.

Ufone chose IBM as partner for its Campaign Management Solution partner. The solution adds real value to Ufone's campaign management. It aids the client to strengthen customer loyalty through targeted campaigns. The user friendliness of the solution enables Ufone's marketing team to design and execute their campaigns themselves, which greatly improves time to market and frequency of marketing campaigns. Most importantly, Ufone customers now benefit from targeted campaigns based on their needs and get relevant rewards.

For more information about this case study, read the article in the IBM newsletter *The New Blue*, at the following web address:

http://www.ibm.com/pk/newsletter/pdf/IBM_new_blue_Issue5.pdf

Retail

Nowadays consumers begin shopping before setting foot in a store. With smartphones, tablets, and social media, the *retail experience* continues long after the purchase. This environment drives retailers to provide consumers with new ways to interact and shop that focus on winning consumers while driving down costs.

Redcats

Redcats is an international group of online fashion, lifestyle, and sports and leisure goods brands. Redcats recognized that it was generating a growing volume of customer data from multiple data sources, including customer service and satisfaction surveys, data transactions, and the click stream activity of visitors to its merchant websites.

Moving to a shared data architecture has enabled the company's individual marketing departments to leverage its multiple brands and customers with a more coherent, proactive marketing strategy. Adopting a common analytics tool for all marketing analysis has enabled better collaboration and sharing of best practices between departments. The more accurate targeting of customers and efficient processing of campaigns has given Redcats a tremendous return on investment (ROI).

For more information about this case study, go to the following web address:

http://www-01.ibm.com/common/ssi/cgi-bin/ssialias?infotype=SA&subtype=WH&htmlfid=YTL03097USEN#loaded

Service providers

Service providers are in a similar boat to retailers in that their customers can be very demanding and willing to move to another provider. Therefore, it is incumbent on these providers to know and tend to their customers.

Carbonite

Carbonite provides cloud-based, HIPAA-compliant data backup and recovery services for businesses and individuals. To win and retain customers, Carbonite must maximize the impact of its marketing spend as well as understand every step of a long and complex customer journey through online and offline touch points.

The solution was a data-driven lifecycle-measurement strategy, backed by cloud-based IBM Digital Analytics software, that delivers key metrics on customer acquisition and retention direct to decision-makers on mobile devices.

For more information about this case study, review the document *Carbonite Using digital analytics to cut customer churn and save USD4 million annually*, at the following web address:

http://www-01.ibm.com/common/ssi/cgi-bin/ssialias?infotype=PM&subtype=AB&htmlfid=UVC12379USEN

NTT Plala, Inc.

Tokyo-based NTT Plala, Inc. offers consumers and businesses Internet service and a video-delivery service known as Hikari TV, which offers specialty channels, movies, and animated films. They captured all the customer viewership data it needed to create deep profiles of their viewing habits and other behaviors, but that data was dispersed around the enterprise, keeping those patterns a mystery.

The company's new predictive analytics solution uses advanced algorithms (running on a powerful, dedicated platform) to dig deep into its viewers' demographics, viewing habits, and billing patterns for correlations and clusters that had been invisible to its marketing and service development teams. The solution increased audience ratings by employing targeted recommendations based on observed viewing patterns and has increased customer retention rates by 21%.

For more details about this case study, go to the following web address:

http://www-03.ibm.com/software/businesscasestudies/my/en/corp?synkey=R649551Z12022R85

Financial and banking

Technology is the cornerstone of finance and banking. These institutions are using big data and analytics to do the following:

► Empower all employees to make data-driven decisions.

► Meet and exceed regulatory requirements by being proactive about privacy, security, and governance. The means ensuring that the data being analyzed is safe, secure, and accurate.

► Take advantage of all types of data to get a 360-degree view of customers in order to understand and meet their particular needs and goals.

Union Investment Group

Based in Frankfurt, Germany, the Union Investment Group is one of Europe's leading asset managers for private and institutional clients. The company offers a wide range of investment solutions in various asset classes and investment styles including equity, fixed-income, and money market. Seeking to cut its marketing spend and boost revenues, the company decided to use analytics to gain a greater understanding of why investors are attracted to particular funds.

Deep insights into investor behavior now helps to predict which financial products will be most popular with each customer segment, allowing Union Investment to target its sales and marketing efforts accordingly. This solution produced greater return on marketing spend by targeting promotional activities more effectively. Improved customer service by directing investors towards the right kinds of products for their needs. Smarter product development by predicting the success of new products before they are launched.

For more information about this case study, go to the following web address:

http://www-03.ibm.com/software/businesscasestudies/za/en/corp?synkey=0140155Z23997 X67

First Tennessee Bank

First Tennessee Bank, the state's oldest and largest bank, suspected it was wasting thousands of dollars annually on its direct marketing campaigns by focusing on products rather than customer knowledge and behavior.

First Tennessee purchased IBM predictive solutions that enabled the bank to better target its direct-marketing efforts, improving response rates, and lowering costs.

For more details about this case study, review the document *Banking on Knowledge: First Tennessee Bank Sharpens Marketing Focus with IBM SPSS Modeler* at web address:

http://www-01.ibm.com/common/ssi/cgi-bin/ssialias?infotype=PM&subtype=AB&htmlfid=Y TC03072USEN

Insurance

The insurance industry is a maturing market that is under pressure due to tight capital and increasing risks. To meet these and other challenges, insurers must be nimble, innovative, and better able to communicate with their customers, internally and within the industry. IBM has identified four areas of business that are critical for firms that want to transform to smarter insurance:

- ► Increase flexibility and streamline operations
- ► Create a truly customer-focused enterprise
- ► Optimize multichannel interaction
- ► Optimize enterprise risk management

Birla Sun Life Insurance

Birla Sun Life Insurance Company Ltd. (BSLI) is a joint venture of Aditya Birla Group and Sun Life Financial Inc. BSLI offers a complete range of offerings that include adult protection solutions, children's future solutions, wealth with protection, health and wellness policies, as well as retirement solutions.

Regulatory changes have created an influx of competitors and forced the company to offer better customer service. The company has to glean insights from data to make informed sales and policy decisions.

With a new understanding about what policyholders need and what is selling in the market, the company can proactively develop products, messages, and personalized communications to prevent customer churn. The system also sends automated alerts to the sales force at key milestones during the issuance process, improving customer service. Near real-time reporting and dashboards at the branch level support decisions on reissuance and underwriting.

For more details about this case study, go to the following web address:

http://www-03.ibm.com/software/businesscasestudies/us/en/spss?synkey=C671420H93087 P96

Conclusion

IBM Predictive Customer Intelligence individualizes the customer experience by providing the most relevant recommendations to each unique customer. These recommendations are based on customer data, such as their buying behavior, web activity, and social media presence. This integrated software solution gathers customer information from multiple internal and external sources and models customer behavior. After scoring is complete, engagement systems and front-line associates are provided with customized actions or recommendations that help your organization provide the right offer to the customer.

The solution helps your organization develop strategic lifetime value rating of each customer and identifies ways to increase profitability and customer loyalty. Customer loyalty is engendered by improving customer service and knowledge of the customers buying habits and needs. IBM Predictive Customer Intelligence can be incorporated into all customer touch points, such as customer service, marketing, issue resolution, account management, and billing.

IBM has the experience and breadth of capability to guide you through the process of integrating IBM Predictive Customer Intelligence into your business environment. IBM Predictive Customer Intelligence provides actionable insights and recommendations that decision makers and customer-facing teams need to achieve better business performance.

In addition, you can draw on the extensive experience with advanced analytics solutions that IBM Global Business Services offers. This group has services to design, implement, and manage your solution and provide any level of support that your business needs.

Other resources for more information

For more information, see the following resources:

- ► IBM Analytics

  http://www.ibm.com/analytics/us/en
- ► IBM Predictive Customer Intelligence

  http://www-03.ibm.com/software/products/en/predictive-customer-intelligence

Authors

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