

# Achieving customer intimacy with IBM SPSS products

*Transformative technologies for the new era of customer interactions*



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## Highlights:

Customer intimacy is an innovative strategy for helping organizations increase customer lifetime value, reduce customer turnover, enhance up-sell and cross-sell opportunities and gain a holistic customer view that drives improved interactions, business processes, products and services.

In this white paper, you'll learn how the four IBM SPSS product families deliver the most advanced and effective solution for helping organizations achieve customer intimacy.

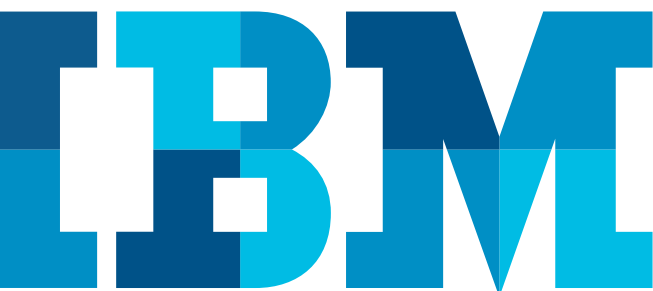
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Customer intimacy represents an evolution in customer relations. Previous approaches such as customer experience management (CEM), enterprise feedback management (EFM) and voice of the customer (VOC), helped organizations more thoroughly understand their customers. Customer intimacy builds upon these disciplines. It employs analytics not only to understand customers but also to anticipate their needs, and then to design interactions that meet and exceed their expectations.

In contrast to approaches that rely on historical data, customer intimacy generates a forward-looking vision that reaches farther and deeper into every customer touch point across an organization. And unlike previous approaches that rely on point solutions, it creates a cohesive, enterprise-wide system for keeping customers satisfied. Customer insights are no longer relegated to back office systems, but delivered directly to the point of interaction in real time where analytics determine the most effective action for a successful outcome.

In order to achieve true customer intimacy, an organization must have the ability to create a personalized dialogue with each of its customers, tightly linking its business processes to customer satisfaction. It must be able to continually learn more about its customers with each interaction and apply that insight to future interactions in timely and effective ways.

Organizations that build intimacy with their customers in this way see dramatic benefits including increased customer lifetime value, reduced customer turnover, enhanced up-sell and cross-sell opportunities and a holistic customer view that drives improved interactions, business processes, products and services. You can learn more about this topic in the IBM-sponsored white papers *The Customer Intimacy Imperative* and *Five Steps to Improving Business Performance through Customer Intimacy*.



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## Customer intimacy in action: First Tennessee Bank

First Tennessee Bank suspected it was wasting thousands of dollars annually on its direct marketing campaigns by focusing on products rather than customers. Despite an abundance of data, the bank had little insight into the preferences and behaviors of individual customers.

After implementing IBM SPSS software, First Tennessee gained a deep understanding of their customers and sparked demand by targeting those with a propensity to buy new products. The bank reduced its direct mailing costs 20 percent while increasing its customer response rate by 3.1 percent.

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*“IBM SPSS predictive analytics is enabling First Tennessee to gain an unprecedented level of insight from our data, making our marketing campaigns more efficient and profitable.”*

— Tanner Mueller, Direct marketing Database Manager, First Tennessee Bank

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## Transforming data into customer intimacy

In order to build customer intimacy, where exactly do you begin? The simple answer is data. Data is the foundation of customer intimacy. Massive amounts of customer data are readily available to most businesses, but the hidden value in those volumes of data is rarely unlocked and put to good use. Achieving the benefits of customer intimacy requires an advanced capability for collecting, analyzing and acting upon that data. In this white paper, you’ll learn how proven IBM SPSS technologies transform data into actionable insights that drive customer intimacy. These technologies were developed and refined over several decades to give organizations the ability to:

- Collect attitudinal data about customers
- Generate predictive insights about what customers want and will do next
- Integrate insights into your company’s operational systems (such as web, customer contact systems, CRM) and product development processes
- Automate and optimize decisions at customer interaction points

The four IBM SPSS product families described below work together seamlessly to help you capture customer insights, predict customer behaviors and act more successfully during each customer interaction.

## Data Collection: Discover what customers want

The IBM® SPSS® Data Collection product family helps you easily create surveys that reach customers across multiple customer touch points including web, phone and in-person in any language. Powerful yet easy to use, Data Collection gives you the ability to collect feedback throughout the customer lifecycle so you can create personalized and timely interactions that generate better outcomes. Because deep customer insights are essential for customer intimacy, effective survey research is a key capability. It empowers you to go beyond traditional forms of data such as descriptive (demographic) or behavioral (transactional) to gather valuable attitudinal data. These are the thoughts and opinions that will help you understand the “why behind the what.” Why customers buy your products; why they prefer certain features; why they might consider defecting to competitor; why they will or won’t respond to promotions or marketing campaigns.

IBM SPSS Data Collection improves and streamlines every step of the survey research process. It speeds the creation of surveys, using familiar, intuitive interfaces, and incorporates sophisticated routing and logic to increase completion rates and ensure clean, high-quality data for analysis and reporting. You can easily design a compelling survey then deploy and manage it across multiple modes to maximize effectiveness. In addition to structured survey questions, Data Collection also has the ability to collect unstructured, open-ended question data. This information can be fed into the IBM SPSS Text Analytics product and, through natural language processing, categorize responses for structured analysis and deeper customer insights.

IBM SPSS Data Collection also centralizes the management of survey data for increased efficiency, automating processes so that tasks are done in the background and are ready when needed. When you need to deliver customer insights to decision-makers, it provides professional, interactive reports for online or desktop environments. It helps you turn insights into action by delivering the right information to the right people at the right time.

Most important, Data Collection captures the precise, personalized information you need to build true customer intimacy. Organizations use this technology to collect valuable feedback that enables them to:

- Learn which products, services, features customers want to buy
- Measure and track customer loyalty in multiple ways to better target retention efforts
- Develop and deliver market-driven products and services for target customers
- Optimize marketing efforts by testing concepts, imagery and messages before deployment
- Increase the profitability of customer interactions by maximizing the value of up-sell or cross-sell opportunities
- Increase customer satisfaction and lifetime value by continually tracking customer attitudes and responding to emerging problems and opportunities
- Make customer-centric decisions with far greater confidence
- Satisfy and retain valuable and profitable customers and attract others like them

### **Statistics: Analyze your customer data**

After capturing attitudinal data with Data Collection, you can combine that with demographic and behavioral data in your customer database and analyze it with the IBM® SPSS® Statistics family of products to extract even more insights. IBM SPSS Statistics provides a comprehensive set of tools to help users of all skill levels transform data into actionable insights that drive customer intimacy. For example you can perform analyses that identify your most valuable customers, segment customers into different target groups, analyze different customer actions and attributes to measure satisfaction, or determine the best location for a new store.

In particular, IBM® SPSS® Direct Marketing is a powerfully effective way to better understand and interact with customers. It determines which customers will most likely respond favorably to marketing campaigns, analyzes response rates to marketing offers and classifies contacts according to characteristics. Using Recency, Frequency and Monetary (RFM) analysis, you can increase the effectiveness of campaigns while decreasing marketing costs because you know precisely which customers to target.

In the realm of customer intimacy, the deeper your knowledge about customers the better results you will achieve. That's why the broad range of analytic insights generated by Statistics is key to successful customer interactions and customer-facing strategies. Organizations use Statistics to:

- Understand what makes customers happy or unhappy
- Analyze customer behavior to identify key predictors of customer satisfaction
- Prompt people (or systems) to proactively address issues of customer satisfaction, applying appropriate resources (e.g. rewards, promotion, loyalty program) to improve customer retention
- Understand how and when customers purchase your products and services
- Cluster customers into groups, determine what characteristics are common and what characteristics are different between groups
- Identify which customers are likely to respond to specific promotional offers
- Boost profits and reduce costs by targeting only the most valuable customers
- Forecast future trends to better plan organizational strategies, logistics, and manufacturing processes
- Understand which characteristics consumers relate most closely to their brand

### **Modeling: Apply the power of prediction**

The ability to anticipate what customers want and will do next is an essential component of customer intimacy. The IBM® SPSS® Modeler product family puts the power of prediction directly in your hands, even if you are a business user without advanced skills. IBM SPSS Modeler is a versatile data and text analytics workbench that enables you to build powerful predictive models using survey data from Data Collection, analytic results from Statistics, unstructured text data and other sources. You can use these predictive models to anticipate a wide range of customer behaviors in order act quickly and effectively on new opportunities.

For example, you can use this technology to determine which of your customers are most likely to churn, then take action to retain them. Or anticipate which customers would be receptive to cross-sell or up-sell initiatives. Or determine which marketing campaigns will be successful with which groups of customers. Over time, these actions significantly increase customer lifetime value as you ensure satisfaction and customer growth based on predictive insights.

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## Customer intimacy in action: Independent Health

Health insurance provider Independent Health knew a “one size fits all” approach to communicating with policyholders was not optimally effective. It required a higher level of customer intimacy in order to reach out to customers regarding wellness and disease management programs.

Using IBM SPSS predictive analytics, Independent Health can now pinpoint the most effective and engaging ways to communicate with each individual customer. Policy holders receive health materials tailored to their specific needs and concerns – to help them choose the right type of medical care, at the right time in the most efficient manner.

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*“IBM SPSS predictive analytics software helps us to improve our marketing efforts, better engage with policyholders and improve treatment outcomes.”*

— Joe Somma, Director of Market Intelligence,  
Independent Health

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To make your predictive models even more accurate, you can extract key concepts, sentiments and relationships from textual or “unstructured” data and convert them into a structured format for model creation. This is especially useful for gaining rich insights from customer interaction data such as call center notes, RSS feeds for blogs, discussion forums and other text-based data. In addition, non-technical, front-line employees can leverage their unique business knowledge to easily create predictive models that drive better customer interactions in just a few clicks.

With Modeler, you are able to identify the kinds of customers you have, look for similarities or differences in their behavior and ensure that your customer processes are based on actual behavior and not guesswork. Organizations use this technology to:

- Understand and anticipate customer purchasing patterns, preferences, and lifetime customer value
- Gain predictive insights that improve marketing campaigns, increase satisfaction and ensure loyalty
- Extract concepts from context data such as call center notes, files, emails and web 2.0 sources and use to enhance customer analytics
- Find patterns within purchase behaviors to identify what customer decisions are imminent
- Identify customer segments and use them to better target promotional campaigns
- Know when customer are about to defect, what drives defection, and take action to retain them
- Empower business users with the ability to create and operationalize predictive analytics
- Produce more accurate predictions by utilizing all available data collected about customers

### **Deployment: Execute, optimize and automate**

The final and, perhaps, most critical phase of customer intimacy is ensuring that analytic results and predictive insights reach the people, processes and systems that touch your customers. That’s where the IBM® SPSS® Deployment product family comes in. It delivers the customer insights from the Data Collection, Statistics and Modeler families to your front-line systems and decision-makers. IBM® SPSS® Decision Management for Customer Interactions is an exceptionally effective resource for achieving customer intimacy. It helps you retain customers, grow revenue and drive profits by creating a personalized experience for every customer and prospect – whether they interact with you by phone, web, point-of-sale or email.

It can quickly and easily determine which inbound interactions are the best candidates for an up-sell, cross-sell or retention offer – and then deploy personalized, real-time recommendations that have the greatest likelihood of acceptance by the customer. It gives business managers greater control over the priorities that impact them directly, and ensures the best possible results for both your customers and your company. This technology leverages all of your customer information – including transactions, purchases, call histories and web site visits – to recommend the best action your staff should take. Real-time capabilities enable the software to make recommendations based on the most up-to-date customer information available, including information from other channels, back office systems and real-time information entered by the end user.

The Deployment product family makes customer intimacy part of the DNA of your organization through a closed loop “virtuous cycle” of insights and execution that continually improves upon itself.

Organizations use these technologies to:

- Automate and optimize decisions at the point of customer interaction
- Manage analytical assets, automate processes, and share results to drive reliability, consistency and excellence
- Create a personalized experience for every customer
- Enhance operational decision-making.
- Increase customer cross-sell, up-sell and retention
- Leverage all aspects of customer data and insights generated by other enterprise systems
- Improve results of future customer interactions

## Creating customer intimacy at your organization

Working together, these four IBM SPSS product families provide the most advanced and effective solution for achieving true customer intimacy – from capturing quantitative and qualitative customer data through survey research, analyzing data for deeper insights into customer types and behaviors, creating predictive models that anticipate what customers will do next and deploying these results through automated, optimized decisions on the front lines of customer interactions. Customer intimacy delivers dramatic benefits for reducing customer defection, increasing revenue from cross-sell and up-sell targeting, identifying the right customers for marketing campaigns, increasing customer lifetime value and ensuring more successful outcomes for every customer interaction. Through IBM SPSS technologies, these benefits are now available to any organization.

To find out more about how IBM SPSS solutions can help you achieve customer intimacy, please call 800.543.5815 or visit [www.ibm.com/spss](http://www.ibm.com/spss).

Learn more about customer intimacy by downloading these IBM-sponsored white papers:

[\*Five Steps to Improving Business Performance through Customer Intimacy\*](#)

[\*The Customer Intimacy Imperative\*](#)

### **About IBM Business Analytics**

IBM Business Analytics software delivers complete, consistent and accurate information that decision-makers trust to improve business performance. A comprehensive portfolio of business intelligence, predictive analytics, financial performance and strategy management, and analytic applications provides clear, immediate and actionable insights into current performance and the ability to predict future outcomes. Combined with rich industry solutions, proven practices and professional services, organizations of every size can drive the highest productivity, confidently automate decisions and deliver better results.

As part of this portfolio, IBM SPSS Predictive Analytics software helps organizations predict future events and proactively act upon that insight to drive better business outcomes. Commercial, government and academic customers worldwide rely on IBM SPSS technology as a competitive advantage in attracting, retaining and growing customers, while reducing fraud and mitigating risk. By incorporating IBM SPSS software into their daily operations, organizations become predictive enterprises – able to direct and automate decisions to meet business goals and achieve measurable competitive advantage. For further information or to reach a representative visit [www.ibm.com/spss](http://www.ibm.com/spss).



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May 2010  
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