IBM LeadershipConnect

Driving Transformation for Greater Value

Understanding Each Customer as an Individual

Tony Hocevar

Seeing Customers as Individuals

- YouTube Video: **http://www.youtube.com/watch?v=_SbVnMMozY4&list=PL1931D30B3309E725&index=14**

"Data is the new oil"
Ann Winblad
Hummer-Winblad

The CMO's Dilemma: Analyze Effectively or Drown

Percent of CMOs reporting underpreparedness — 50%

Factors Impacting Marketing:
- Data explosion — 71%
- Social media — 68%
- Growth of channel and device choices — 65%
- Shifting consumer demographics — 63%
- Financial constraints — 59%
- Decreasing brand loyalty — 57%

Global Chief Marketing Officer Study
IBM Institute for Business Value
2011
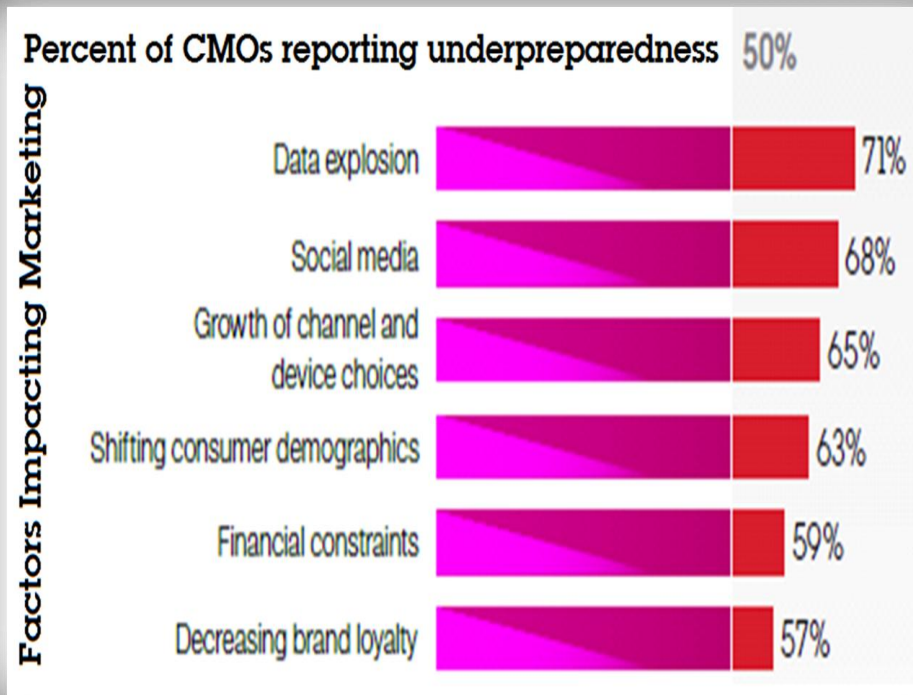
*73% of **CEOs** identify customer insights as the most critical investment area*

Global Chief Executive Officer Study
IBM Institute for Business Value
2012

As the voice of the customer in the C-suite and an officer of the company, the CMO has the responsibility and, increasingly, the credibility to **lead a customer-obsessed transformation** *of the business strategy.*

Global Evolved CMO Online Survey
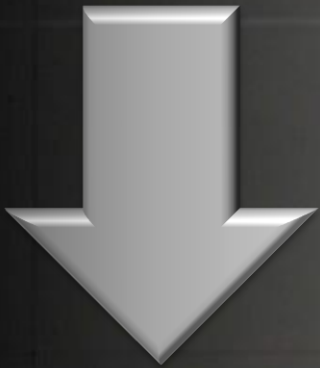*Q3 2011 Forrester/Heidrick & Struggles*
Forrester Research Inc.

Agenda

- **A Story**

- **The Process**

- **Next Steps**

Fly First Airline

Scheduling delays

Declining customer satisfaction

Declining revenues

Mission: Deepen Understanding of Customers

- **Traditional data only tells part of the story**

erall, how satisfied are you with FlyFirst?

- Very unsatisfied
- Unsatisfied
- Somewhat satisfied
- Very satisfied
- Extremely satisfied

Collect Sentiment from Social Media Sites

Connecting Customer Information

Act
Predict
Analyze
Interconnect
Collect

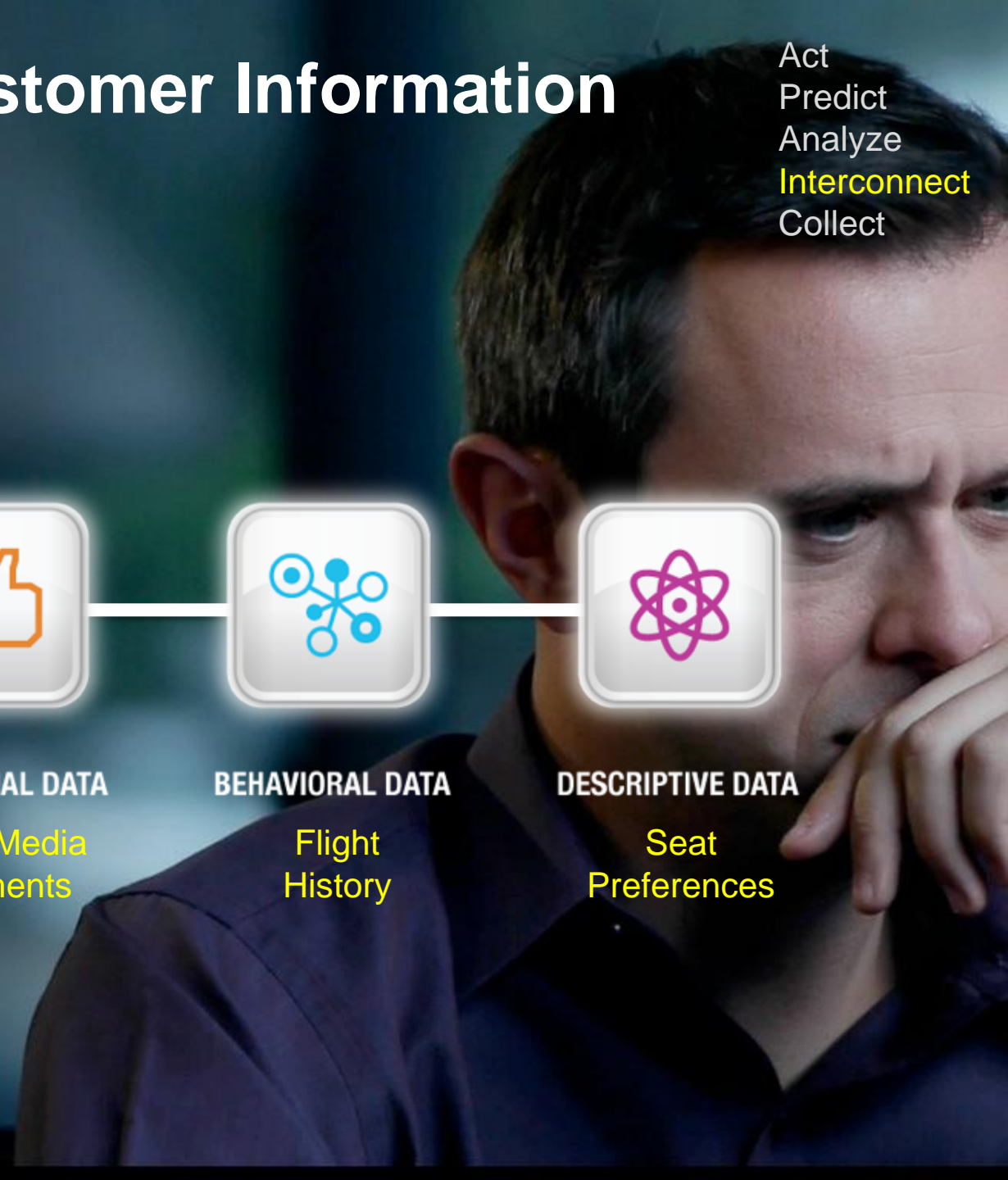**INTERACTION DATA**

Web Click Streams

ATTITUDINAL DATA

Social Media Comments

BEHAVIORAL DATA

Flight History

DESCRIPTIVE DATA

Seat Preferences

Filling Gaps Through More Data Collection

Take this survey for a seat upgrade on your next flight.

→ TAKE SURVEY HERE

Brought to you by Fly First

Draw Insights / Make Predictions

Most Profitable Customers

Likely Products to Buy

Who Has Influence

Most Effective Offers

Applying Customer Insights for Improved Customer Service

Act
Predict
Analyze
Interconnect
Collect

PASSENGER RECORD
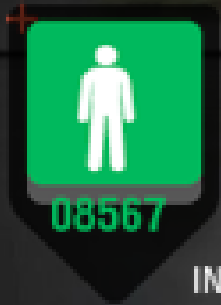
RICK BOOR 08567
08567
FREQUENT FLYER
BRAND AGNOSTIC
SOCIAL MEDIA INFLUENCER
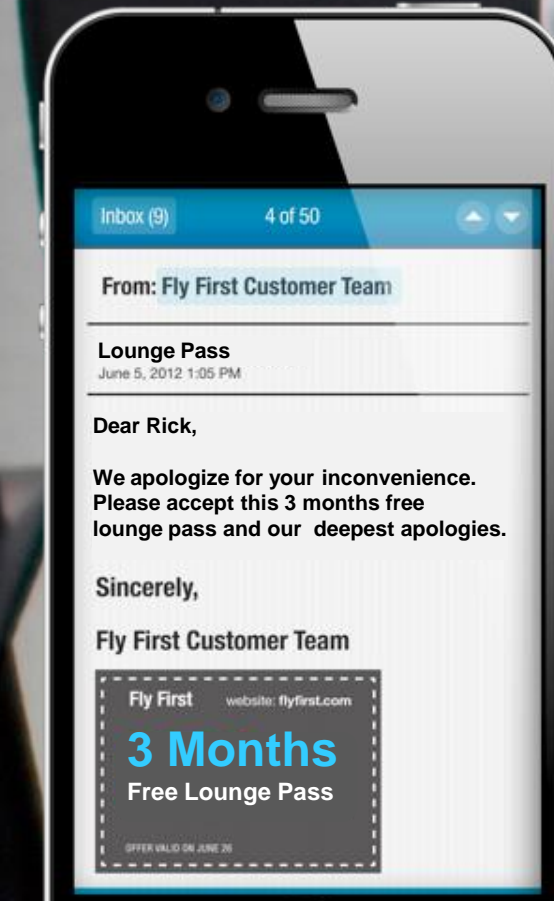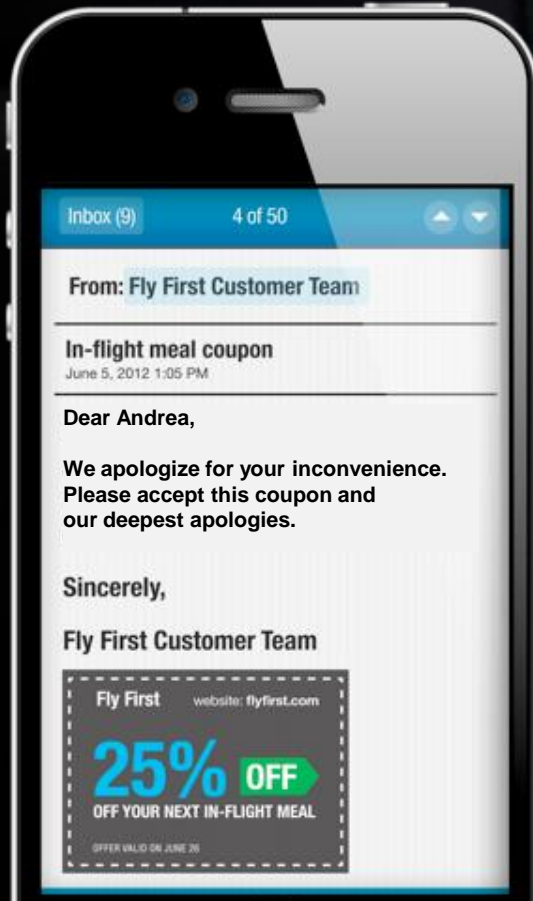LOUNGE PASS: NO
IN-FLIGHT MEAL: ENTREE, BEER

PASSENGER RECORD

ANDREA SMITH 05312
05312
FREQUENT FLYER
LOYAL TO FLY FIRST
SOCIAL MEDIA INFLUENCER
LOUNGE PASS: YES
IN-FLIGHT MEAL: APPETIZER,

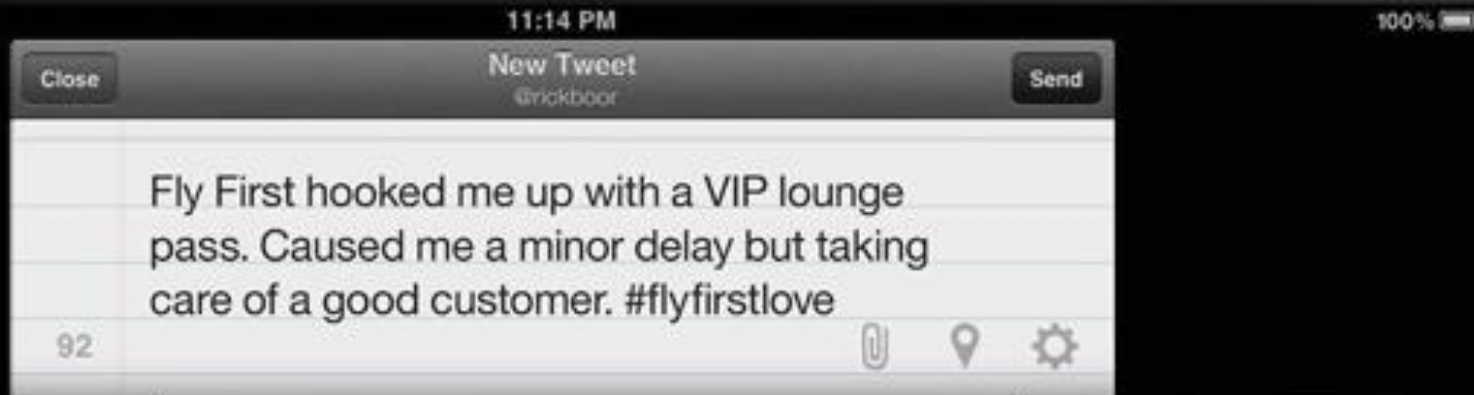# Proactively Managing the Customer Experience

Problem: Mechanical difficulties have created a flight delay.

Analytics in Action

Andrea: Lounge – Flight – Discounted Meal - Happy

Rick: Lounge – Beer – Twitter - Happy

11:14 PM   100%

Close   **New Tweet**   Send
                  @rickboor

Fly First hooked me up with a VIP lounge
pass. Caused me a minor delay but taking
care of a good customer. #flyfirstlove

92

buoy460   1 min
Just posted a photo
instagram.am/p/NP_4h8INcD

Impact of Applied Customer Insight

Social media sentiment

Customer Satisfaction

Frequent flier participation

IBM LeadershipConnect
Driving Transformation for Greater Value

Re-imagining the Path to Marketing Transformation

Imperative #1: Understanding Each Customer as an Individual

Act
Build the capability to do this at massive scale

Predict
Generate insights in real time that are predictive, not just historical

Analyze
Run the analytics at the right time on the right customer to generate new ideas on whom to serve and how best to serve that individual

Interconnect
Interconnect social media data, other forms of digital data, and transaction data to paint a more vivid picture of each customer

Collect
Instrument all the key touchpoints to gather the right data on each customer

Act

Predict

Analyze

Interconnect

Collect

Instrument all Key Touch-points to Personalize the Customer Profile

Act
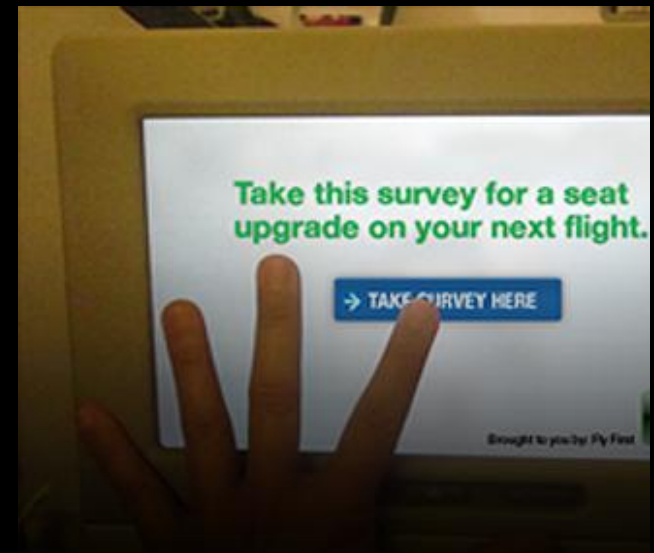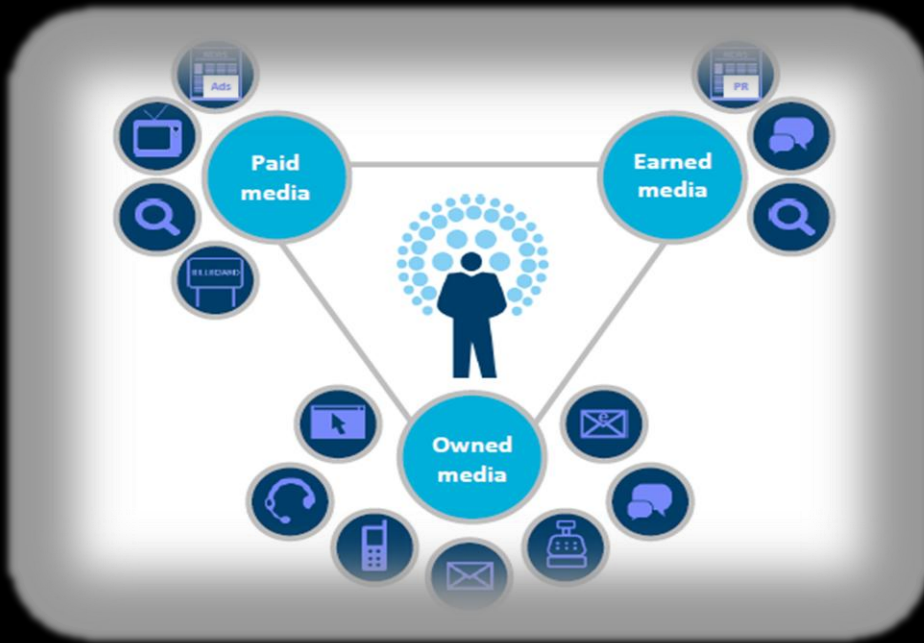
Predict

Analyze
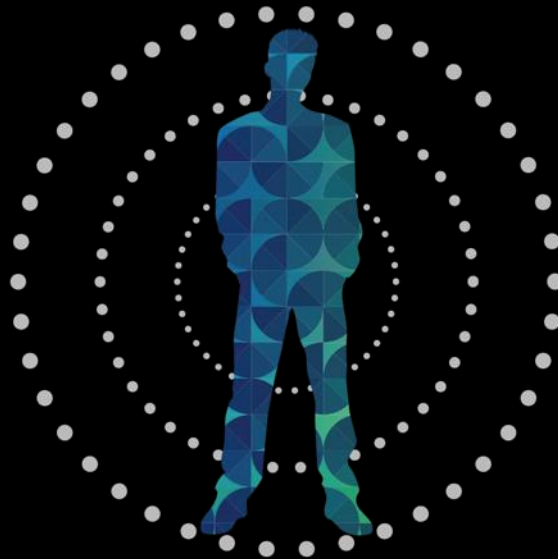
Interconnect

Collect

Connect all the Customer Data…

UNSTRUCTURED

Interaction data
E-Mail / chat transcripts
Call center notes
Web Click-streams
In person dialogues

Attitudinal data
Market Research
Customer Surveys

Descriptive data
Attributes
Characteristics
Self-declared info
(Geo)demographics

Behavioral data
Orders
Transactions
Payment history
Usage history

STRUCTURED

…And Interconnect Social Media Data

Pop Quiz

- **Johnny's mother had 3 children.**
- **The first child was named April;**
- **The second child was named May.**
- **What was the third child's name?**

Source: Forbes, 10 brainteasers to test your mental sharpness, Holly Green
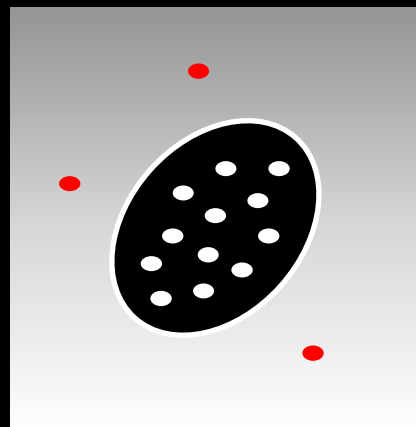
Generate New Ideas… Using Powerful Tools
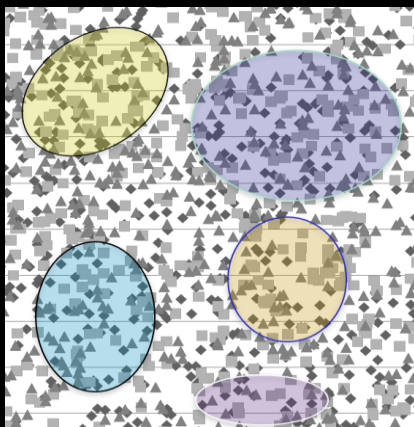
Segmentation

Find hidden clusters / groups of people
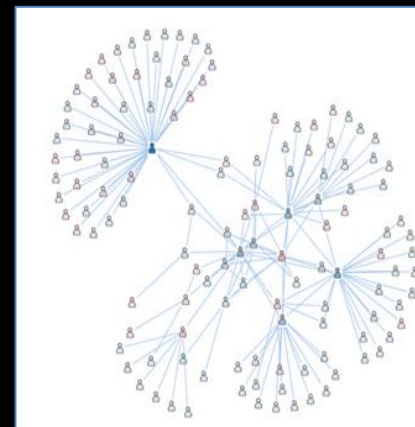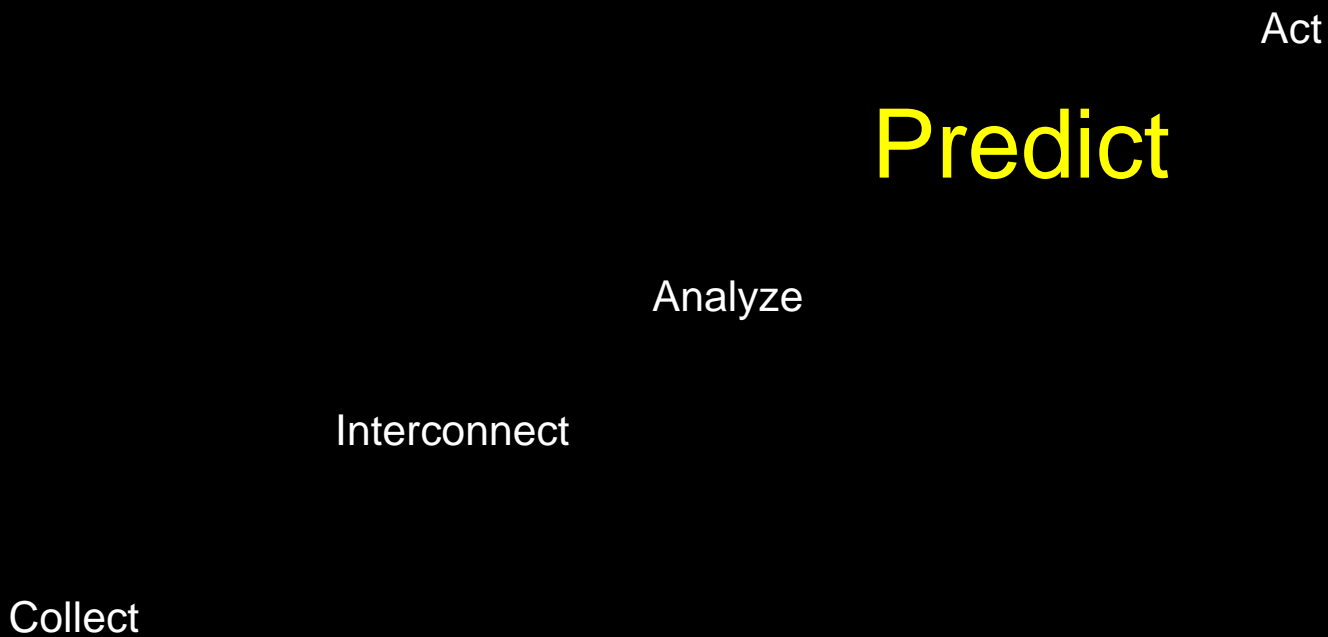

Association

Identify what events occur together

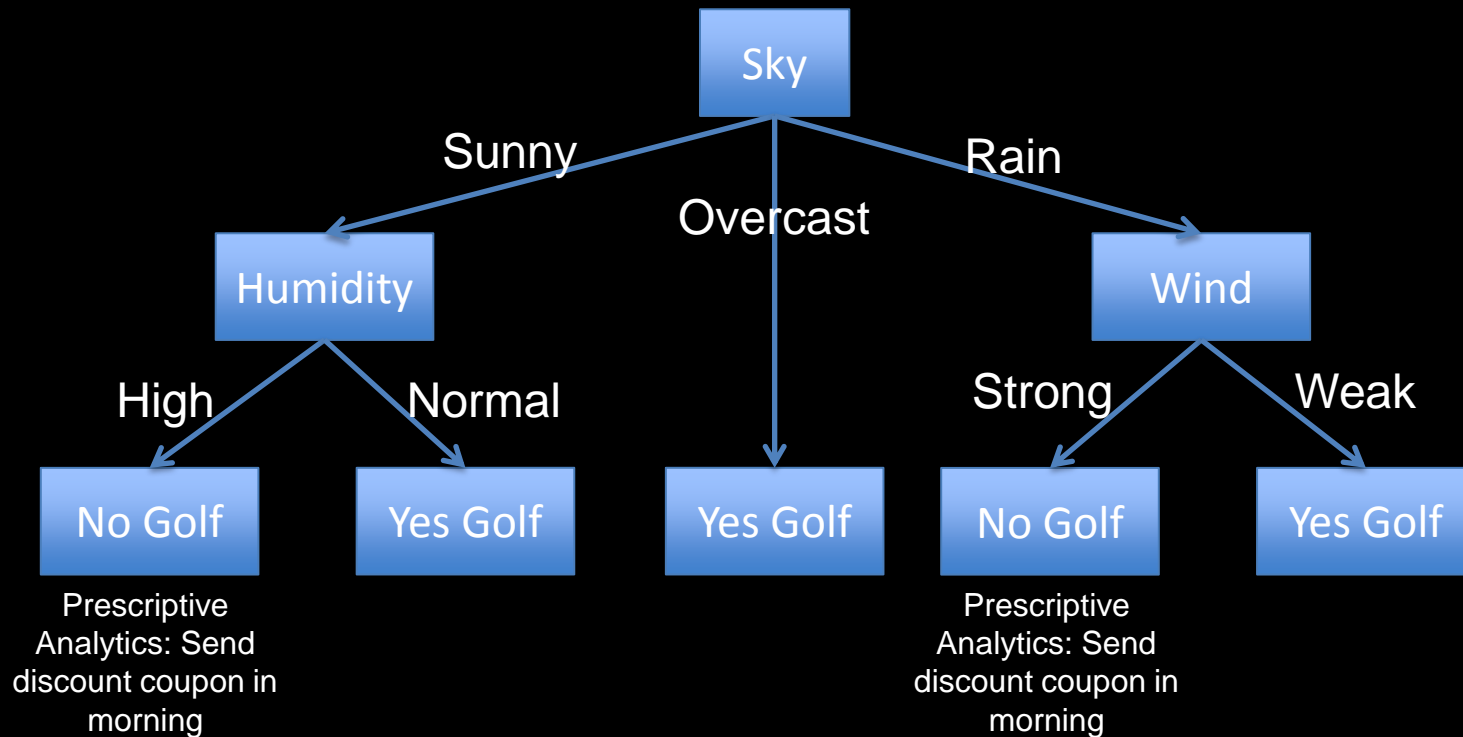**Anomaly Detection**

Identify cases that are unusual

Social Network Analysis

Identify and target influential group leaders

Generate Insights that are Predictive, Not Just Historical
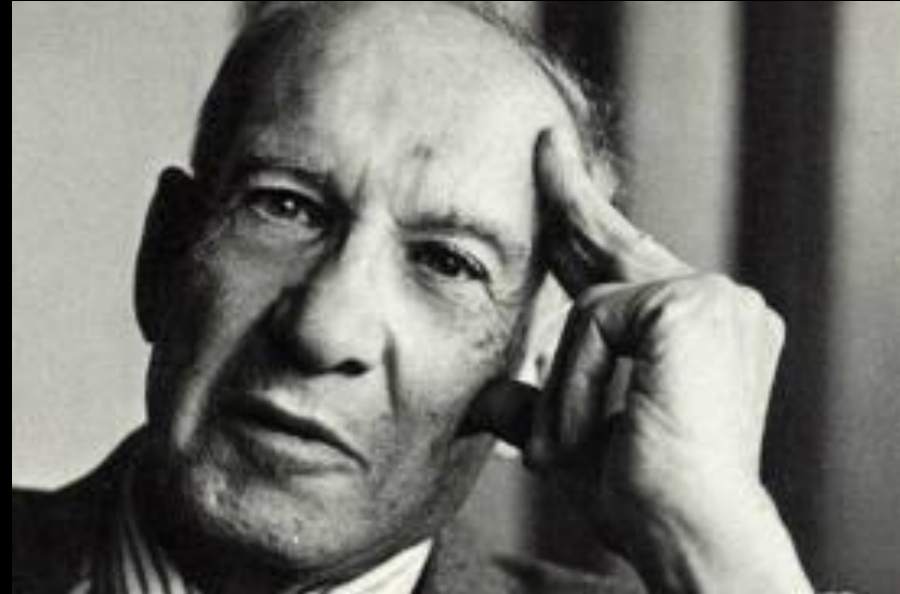
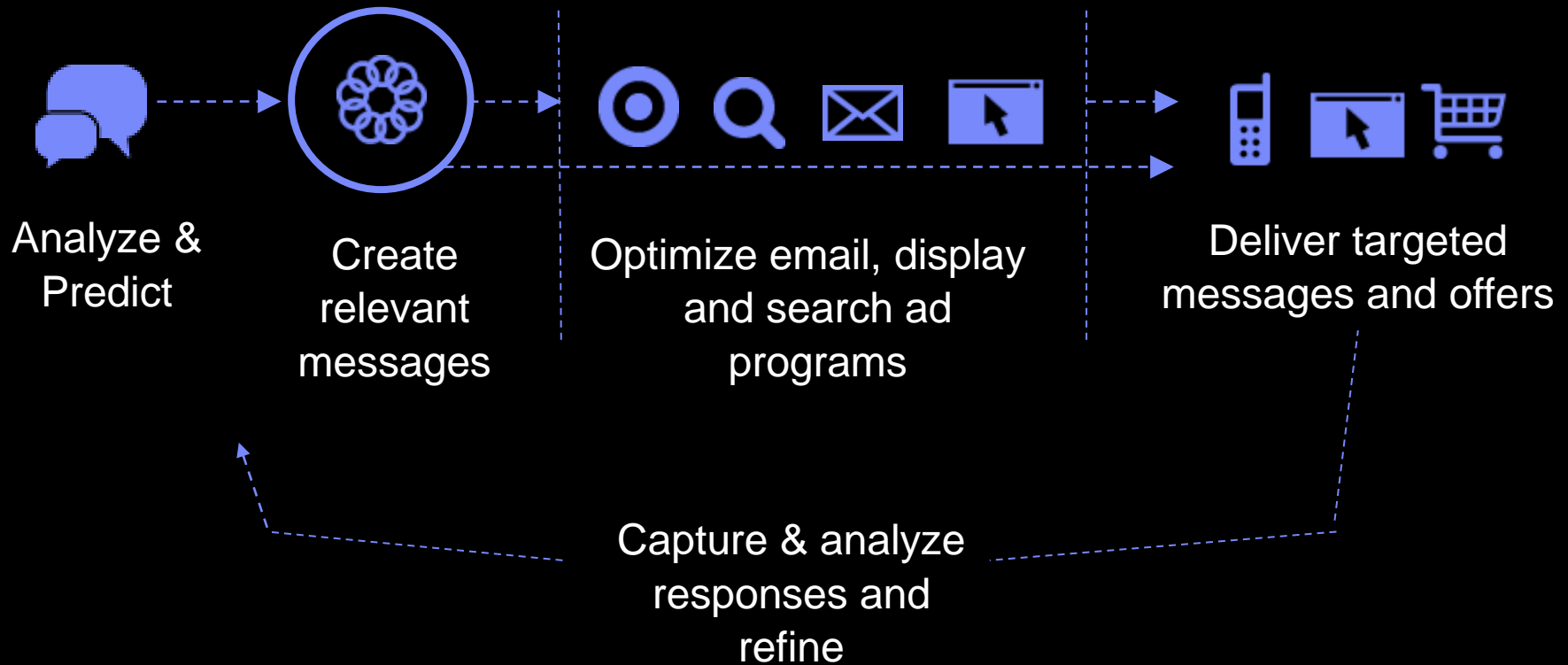- **Example: will Jim go golfing today?**

Act

Predict

Analyze

Interconnect

Collect

… And Drive Real-time Decisions at the Point of Interaction

Optimized decisions

Business rules + Optimization + Predictive analytics

Act
Predict
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Collect
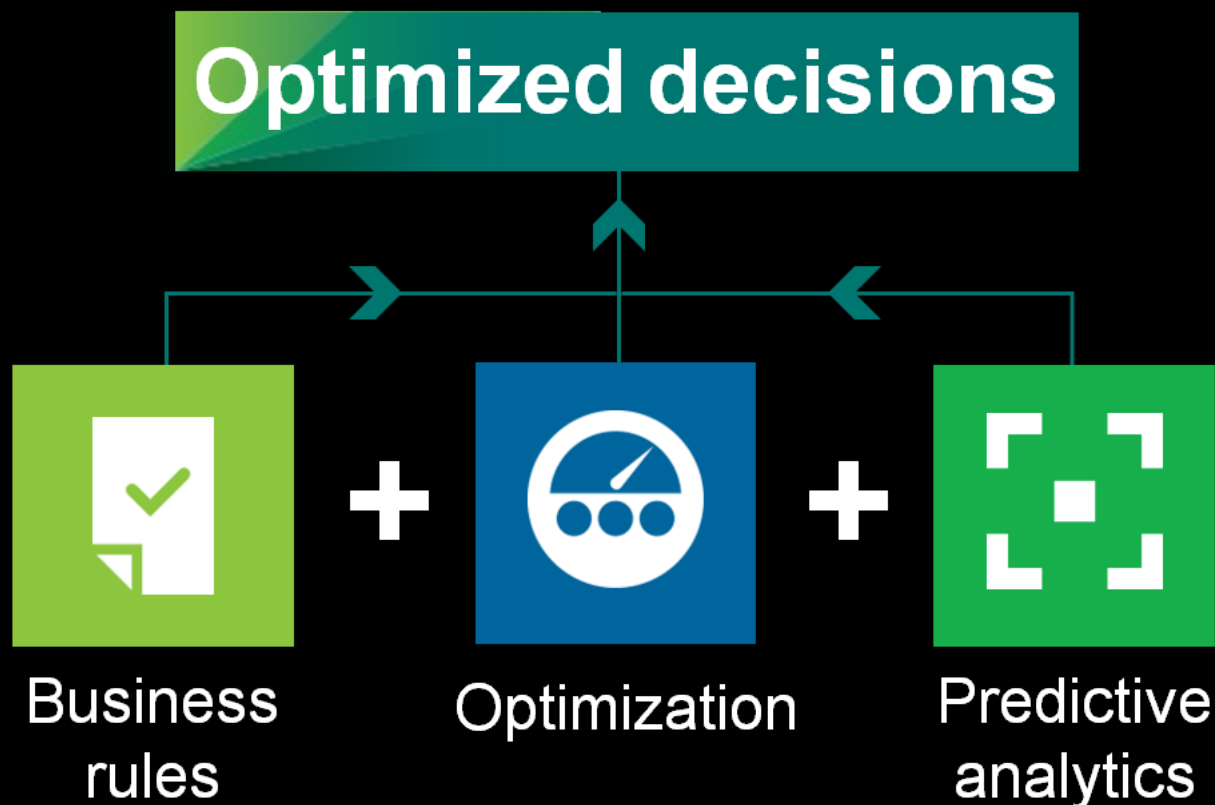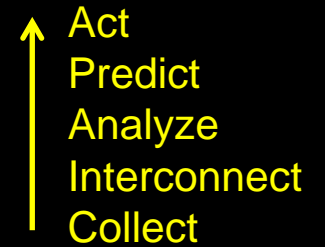
NEXT STEPS

# Find projects that quickly delivers results

Analyze Existing Data

- Deploy analytics on existing data
- Most profitable customers? Cross-sell which products? Best offers?
- Act on the insights

Optimize online and social experience

- Deliver targeted offers to Web channels
- Increase customer satisfaction

IBM delivers industry-leading capabilities every step of the way
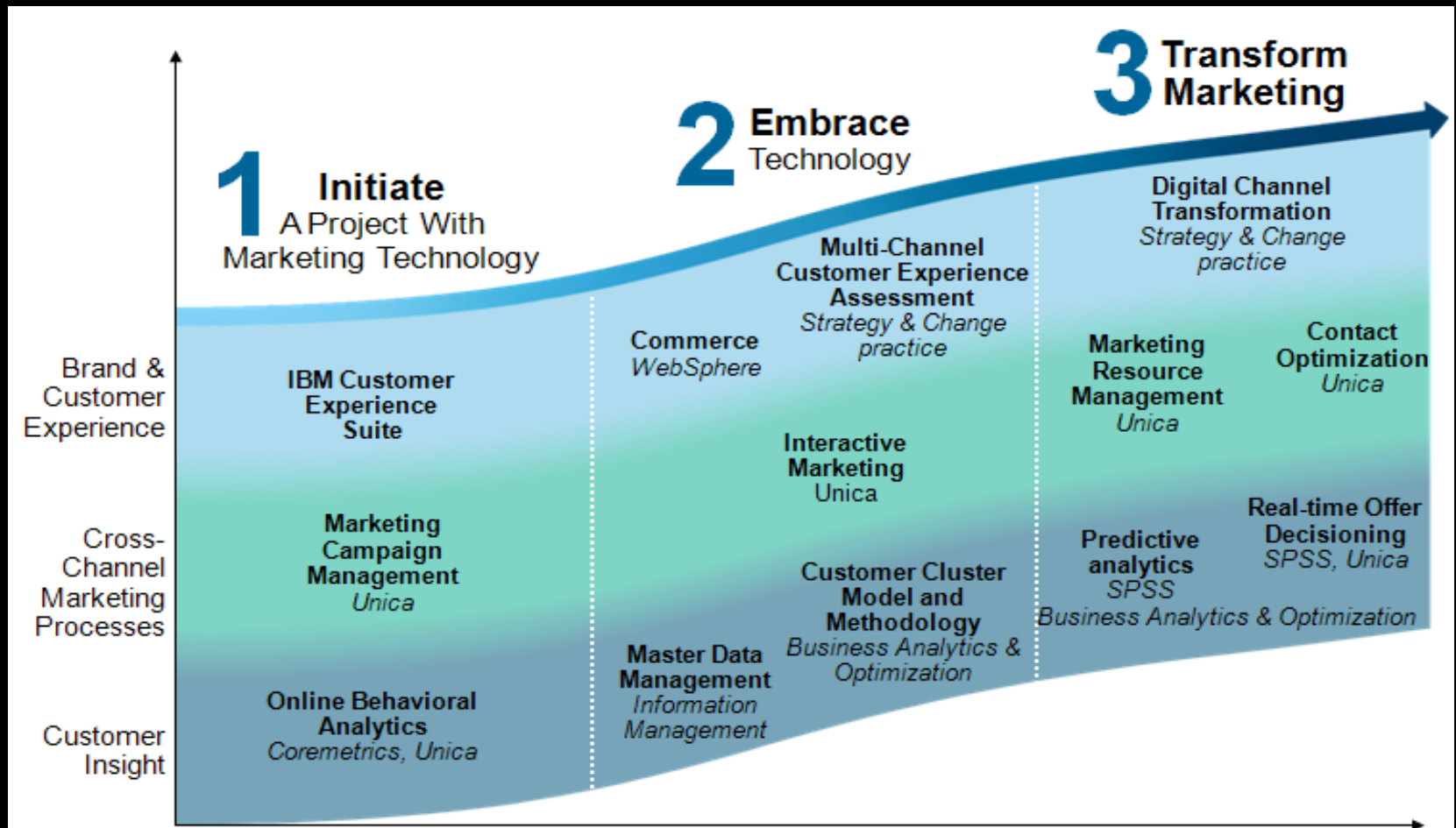
Why Take the Journey?

- Understanding the customer is a CEO priority

- Opportunity for the CMO to lead this major business transformation!

The Right Tools in the Right Hands