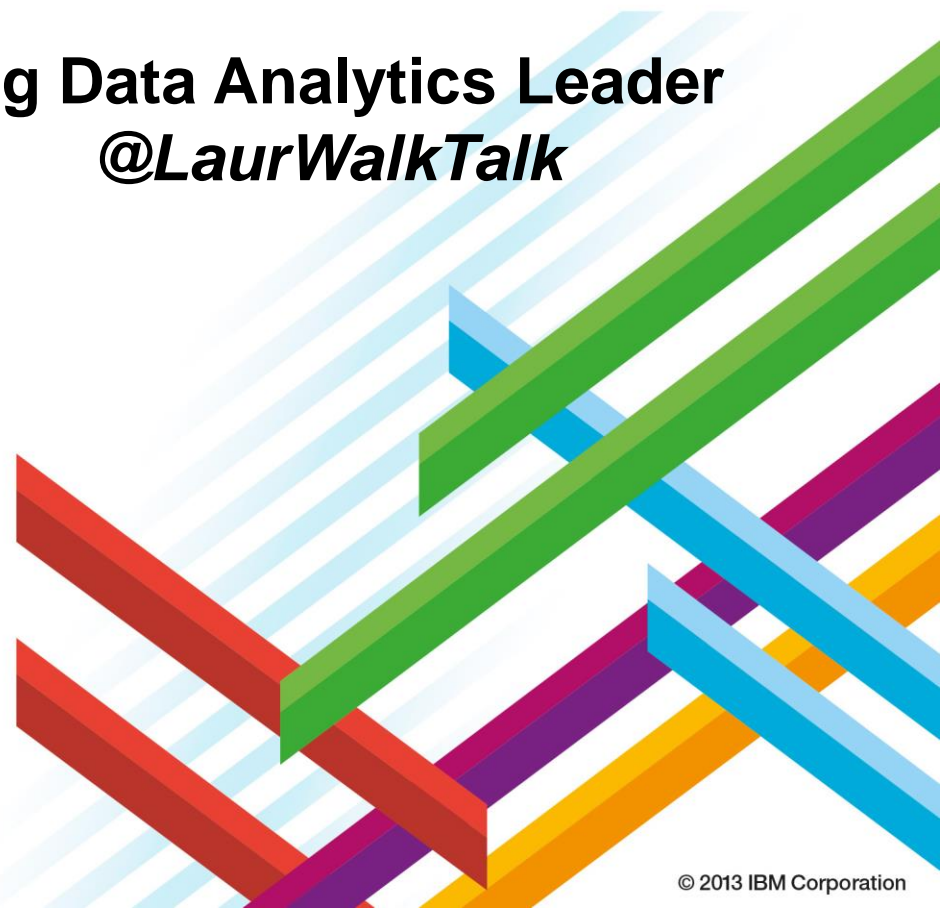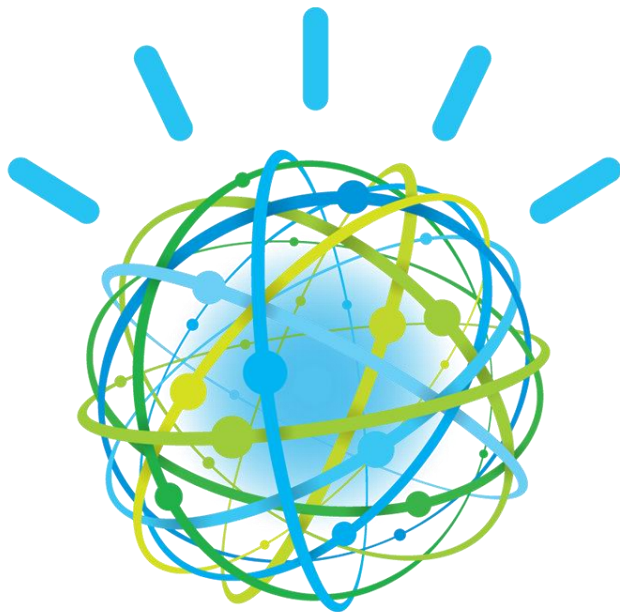# The Quest for the Customer Segment of 1

Lauren Walker, IBM UK&I Big Data Analytics Leader
@LaurWalkTalk

The Digital Front Office

▶ How life is becoming more digital than ever

67% of global consumers want to use their mobile device to complete retail transactions

18% of Africa's GDP is expected to be handled through mobile money transfers by 2015

1:7 1 out of every 7 minutes spent online is on Facebook

40% of people socialize more online than they do face-to-face

80% of new apps will be distributed or deployed via the cloud

1/3 of consumer data will be stored and accessed in the cloud by 2016

▶ How leaders are using technology to better know and reach their customers

73% of CEOs are prioritizing investments in customer insights

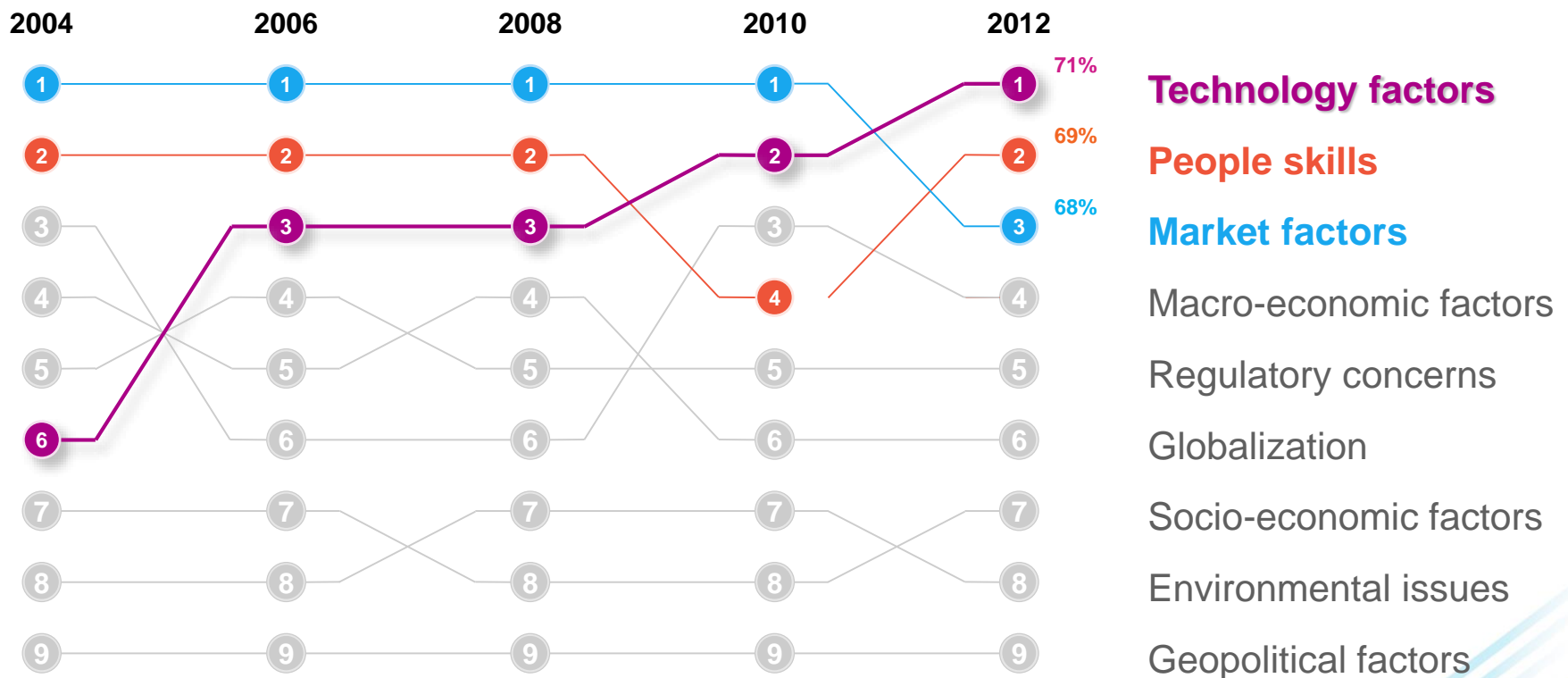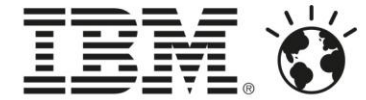**82%** of CMOs plan to increase the use of social media

74% of CIOs say mobile solutions are part of their vision for increasing competitiveness

CEOs say Technology is the most important external force

External forces that will impact the organization

2004	2006	2008	2010	2012	
1	1	1	1	1	**Technology factors** — 71%
2	2	2	2	2	**People skills** — 69%
3	3	3	3	3	**Market factors** — 68%
4	4	4	4	4	Macro-economic factors
5	5	5	5	5	Regulatory concerns
6	6	6	6	6	Globalization
7	7	7	7	7	Socio-economic factors
8	8	8	8	8	Environmental issues
9	9	9	9	9	Geopolitical factors

Source: Q1 What are the most important external forces that will impact your organization over the next 3 to 5 years? (n=1709)
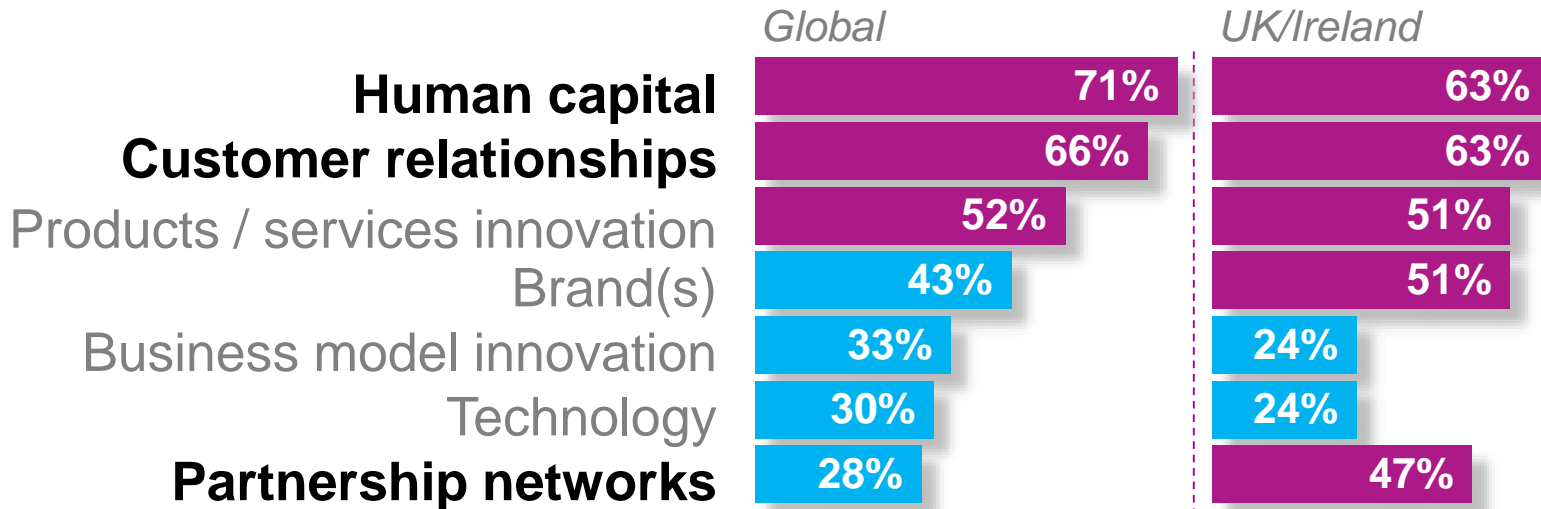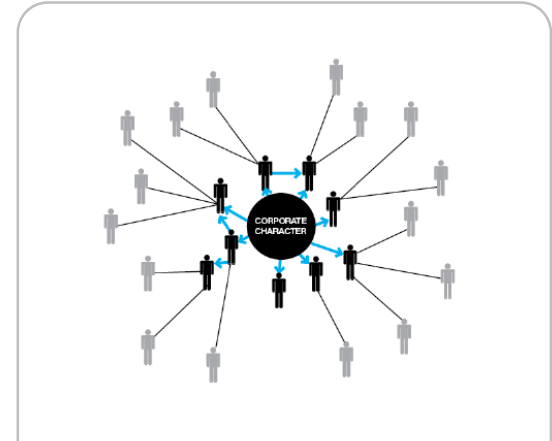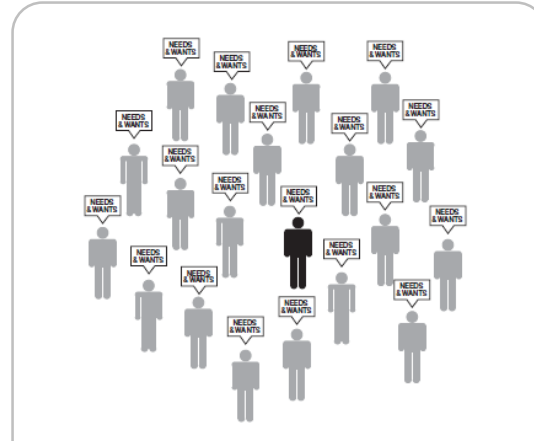
Tech + People + Partnerships = Success

+

+

Thames Water

AMP6 Alliance

Key sources of sustained economic value

	Global	*UK/Ireland*
Human capital	71%	63%
Customer relationships	66%	63%
Products / services innovation	52%	51%
Brand(s)	43%	51%
Business model innovation	33%	24%
Technology	30%	24%
Partnership networks	28%	47%

CMOs radically redefining to meet the digital mandate

The new marketing mandate

Understand each customer as an individual.

Create a system of engagement that maximizes value creation at every touch.

Design your culture and brand so that they are authentically one.

Marketers acknowledge they are underprepared

Marketing Priority matrix

Under preparedness
% of CMOs reporting
under preparedness

1 **Data explosion**

2 **Social media**

3 **Growth of channel & device choices***

4 **Shifting consumer demographics**

Factors impacting marketing
% of CMOs selecting
as Top five factors

Mean

Source: 2011 IBM Chief Marketing Office Study (n=1734)

Customer experience is becoming the next battleground

80%
of CEOs think they deliver a superior customer experience…

8%
of their customers agree

"…today's customers are armed with data, information and access …- winning companies …will be those …who can understand [and] predict, what customers really want."

- Forbes, 3/2013

Organisations Continue to Struggle Delivering Relevant Offers to Customers

Today they treat Kim like any other customer in her segment…

…but Kim is an individual

Bank: "Hi <NAME>! Can we interest you in a credit card?"

Kim: "Another promotion I don't want"

By using limited data, they treat Kim like anyone else

Kim holds mortga... and a savings account... us

Kim's current credit score & profitability qualifies her for a preferred rate

Action	Impact on Retention	Impact on Customer Lifetime Value	Likelihood to respond positively to action
Cash Management Acct.	🔴	🟢	🔵
Portfolio Review Meeting with Private Banking Advisor	🔴	🟢	🔵
Equity Bank Line / Secu...	🔴	🟢	🔵
		🟢	🔵

There is a lot of other information about Kim's transactions and interactions that could provide valuable insights…

Kim holds a mortgage and a savings account with us

Gas and convenience purchases in new zip codes

Kim has also posted property photos to Facebook asking friends to vote

Large ticket discretionary spend is lower over past two months

Recent purchases at hardware and furniture stores inconsistent with typical spend

Kim's current credit score & profitability qualifies her for a preferred rate

Checked current mortgage balance and rates on web site

Tweeted link to article about buying a second home

…which could be used to deliver more relevant offers
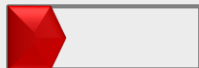
Kim holds mortgage a[nd] a savings account wit[h] us

Kim's [good] credit s[core &] profitability qualifies her for a preferred rate

[...] mortgage balance and rates on web site

[...] buying a second home

Action	Impact on Retention	Impact on Customer Lifetime Value	Likelihood to respond positively to action
Cash Management Acct.	(low)	(low)	(medium)
Preferred Gold Credit Card	(medium)	(medium)	(medium)
Equity Bank Line / Secured Line-of-Credit	(low)	(medium)	(medium)
Mortgage special rate discount 25 basis points	(high)	(high)	(medium)

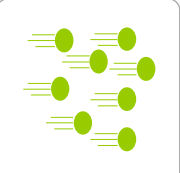# Big Data & Analytics enables us to better understand customers as humans

Use **more types** data

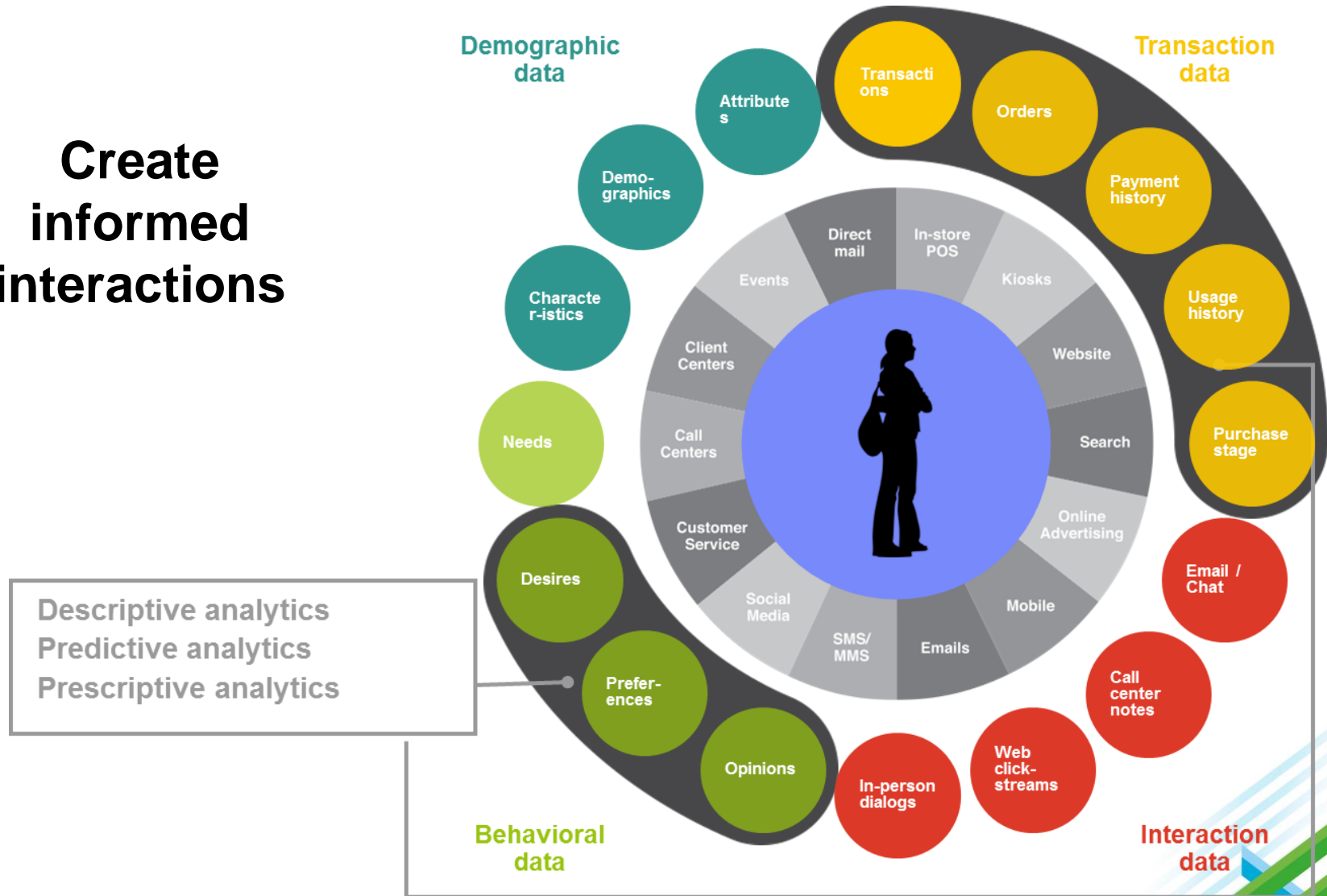Use **greater amounts** of data

Use **uncertain** data

Use data **more quickly**

Big Data & Analytics Imperative 1: Understanding each customer as an individual
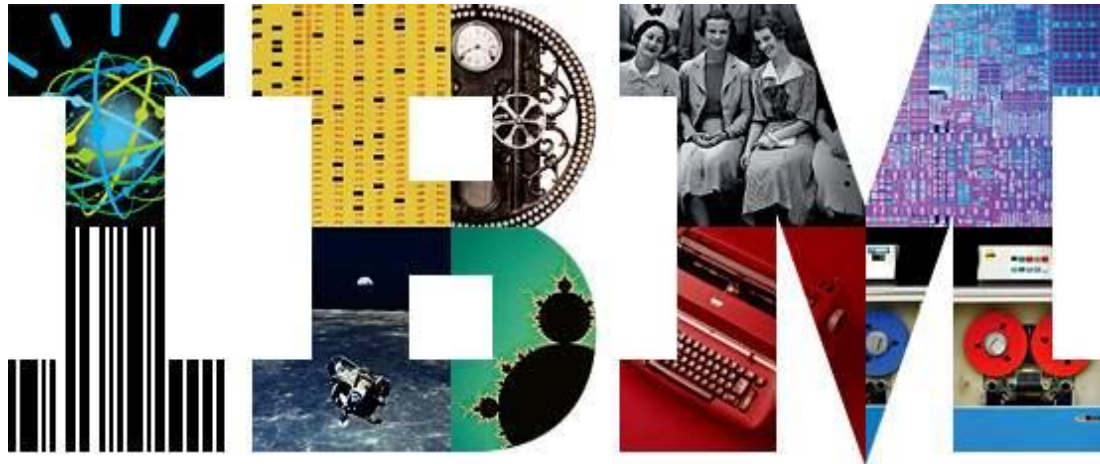

Create informed interactions

Demographic data
- Attributes
- Demographics
- Characteristics

Transaction data
- Transactions
- Orders
- Payment history
- Usage history
- Purchase stage

Behavioral data
- Needs
- Desires
- Preferences
- Opinions

Interaction data
- Email / Chat
- Call center notes
- Web click-streams
- In-person dialogs

Direct mail · In-store POS · Kiosks · Website · Search · Online Advertising · Mobile · Emails · SMS/MMS · Social Media · Customer Service · Call Centers · Client Centers · Events

Descriptive analytics
Predictive analytics
Prescriptive analytics

Thank you!

Lauren Walker

UK&I Big Data Analytics Leader, IBM

@LaurWalkTalk