

Smarter Analytics

Acquire, Retain and Grow Customers Through Analytics

Tim Higgins IBM BAO Advanced Analytics Lead

thiggins@au.ibm.com



In the age of the empowered consumer, how can organisations maximise the value of interactions with customers.

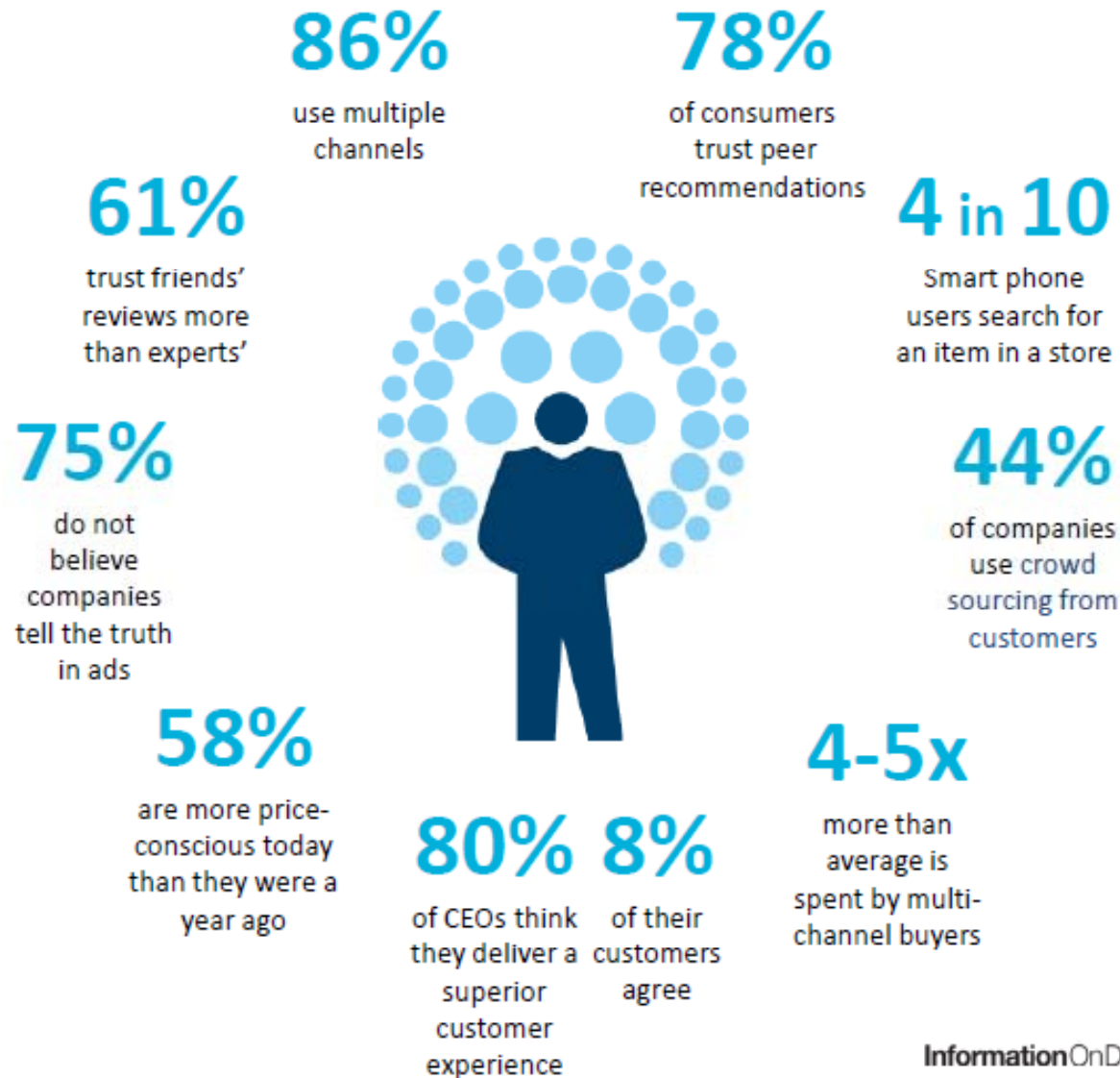
Leading organisations globally are tapping into the wealth of insights hidden in their customer information in order to deliver the most appropriate action at the right time seamlessly across touch points.

During this session, we'll discuss

- The Customer is **Empowered** and now is in charge of the relationship
- Customer analytics is a key component in understanding the customer with a view to predict customer behaviour and attempt to determine the '**next best action**'
- **Delivery** of the next best action both as explicit customer offers and to optimise customer interactions in real time.
- How it's done: **real examples** of approach and outcomes



Today's "empowered customer" puts businesses to the test



The customer has taken charge...



Customers have lost confidence in institutions

- *76% of customers believe companies lie in advertisements*
- *Growing trust gap in many consumer focused industries*



Technology is changing how customers interact

- *Social media changed purchaser influence; opinions viewable instantly*
- *Mass customization and personalization of products and services*



Expectations have changed

- *Focus is on value, transparency and accountability*
- *Customers want to be seen holistically across the enterprise*



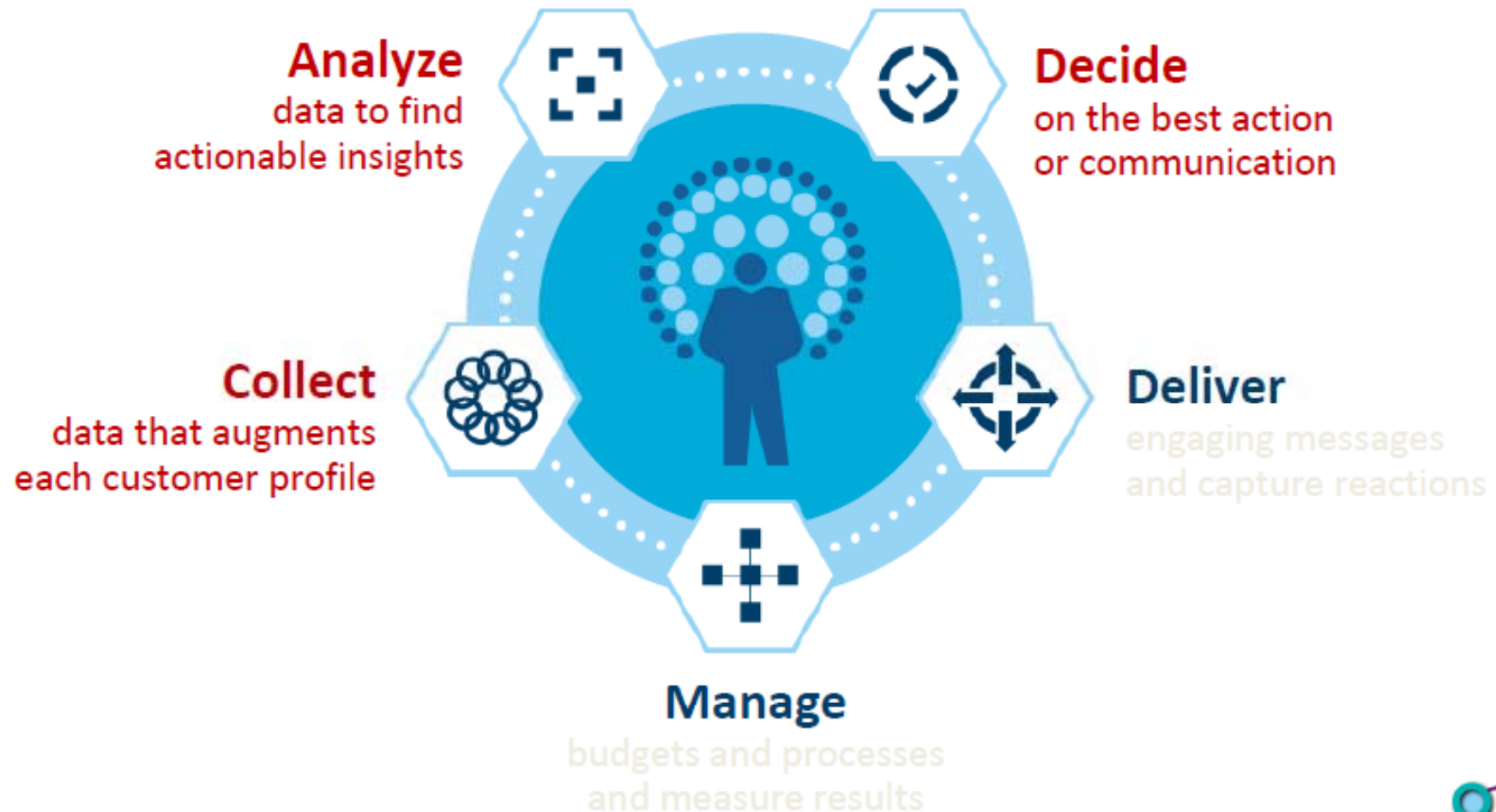
Institutions need to rediscover their customers

- *Consumers are experiencing brands in new ways through new channels*
- *Micro-targeting: the move beyond 1 on 1 is accelerating*



Marketing has become a data-driven discipline

Mission critical marketing processes supported by EMM technology depend on data



New Imperatives of Marketing

★★★★★ Full coverage starts on page A6 | Updates at WSJ.com/Election2012 ★★★★★

THE WALL STREET JOURNAL.

WEDNESDAY, NOVEMBER 7, 2012 - VOL. CCLX NO. 109 WSJ.com ***** \$2.00

What's News
Business & Finance

- Americans are setting up house at an increasing pace. The rate of household formation is at its fastest in more than six years, an indication that recession anxiety, which prompted adult children to move in with their parents and single people to postpone marriage, is starting to ease. **A3**
- While young home buyers are a factor, overall growth is due mainly to renters. **A3**
- Investors pulled the "buy" lever as Americans headed to the polls, with the four industrialists advancing 133.25 points, or 1%, to 13245.68. **A4**
- J.P. Morgan is near a settlement with the SEC that would end one probe into how its Bear Stearns unit packaged and sold home loans to investors. **C1**
- France unveiled plans to cut labor costs and raise taxes on consumption, a set of measures that triggered on some of Hollande's election pledges. **A21**
- Short-term bonds of Exxon and J&J are trading with yields below those of comparable Treasuries, a sign investors perceive them as a safer bet. **A8**
- A group of Goldman executives recently pocketed a total of \$21.9 million by cashing in stock options awarded in the aftermath of the firm's IPO. **A3**
- McKesson-Hill is in exclusive talks to sell its education unit to Apple, and they could reach a deal within a few weeks. **B2**
- Fisher lost more than 300 karma hybrids and other automobiles last thousands of new cars as a result of flooding last

Obama Wins

Democrats Keep Control of Senate; GOP Retains House **A8** | Exit Polls Showed Economy, Jobs Were Voters' Focus **A10** | Gay Marriage Gets First Wins at Ballot Box **A17**

By Prina Nicolson
And Cassa E. Lee

President Barack Obama won re-election Tuesday in a closely fought race, overcoming the doubts of a nation ravaged by a prolonged economic downturn and setting up a test of whether he can forge a productive second term in a divided political system.

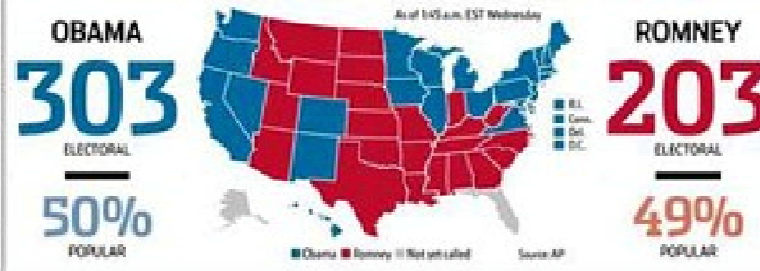
Mr. Obama's victory in the bruising campaign marks a landmark in modern election history. No sitting president since Franklin D. Roosevelt in 1940 has won re-election with a higher unemployment rate, which stands at 9.5%. It is also the first time since 1868 the U.S. has had three consecutive two-term presidents.

In retaining the presidency, Mr. Obama, 51 years old, defeated former Massachusetts Gov. Mitt Romney, 61, who had been seeking the office for six years.

"We may have battled fiercely, but it's only because we love this country deeply and we care so strongly about its future," the president said in a victory speech that came after 8:30 a.m. Eastern time. He said he would meet with Mr. Romney in the coming weeks to discuss various issues confronting the country.

Mr. Romney said in his concession speech, "I so wish that I had been able to fulfill your hopes to lead the country in a different direction. But the nation chooses another leader."

Propelling Mr. Obama to victory was the unique coalition he forged four years ago, one that reflects the changing nature of the U.S. electorate—namely, the



Obama's team used analytics to gain

DEEP KNOWLEDGE of individuals

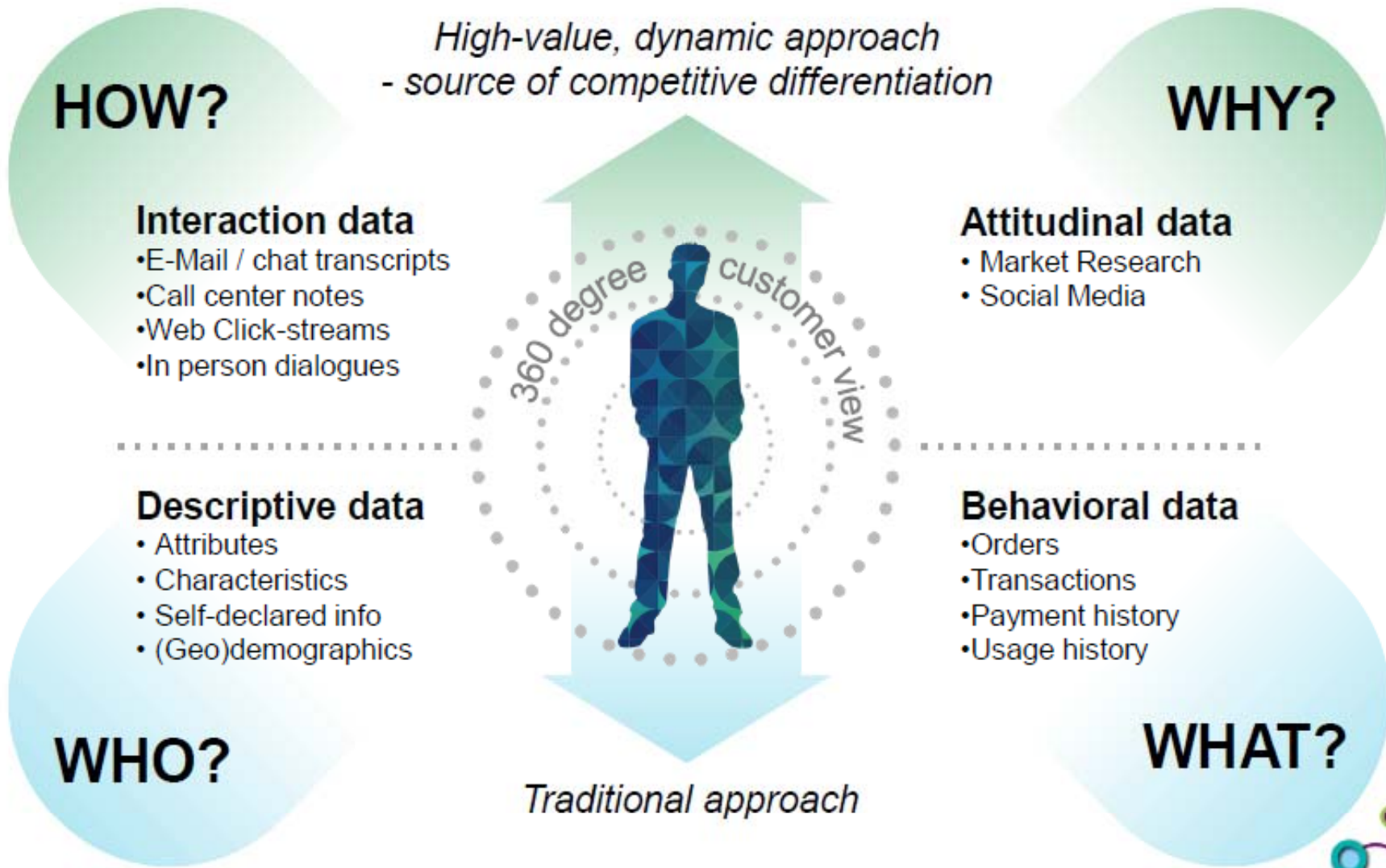
And **TURNE**D that knowledge

into a **SYSTEM** of **ENGAGEMENT**

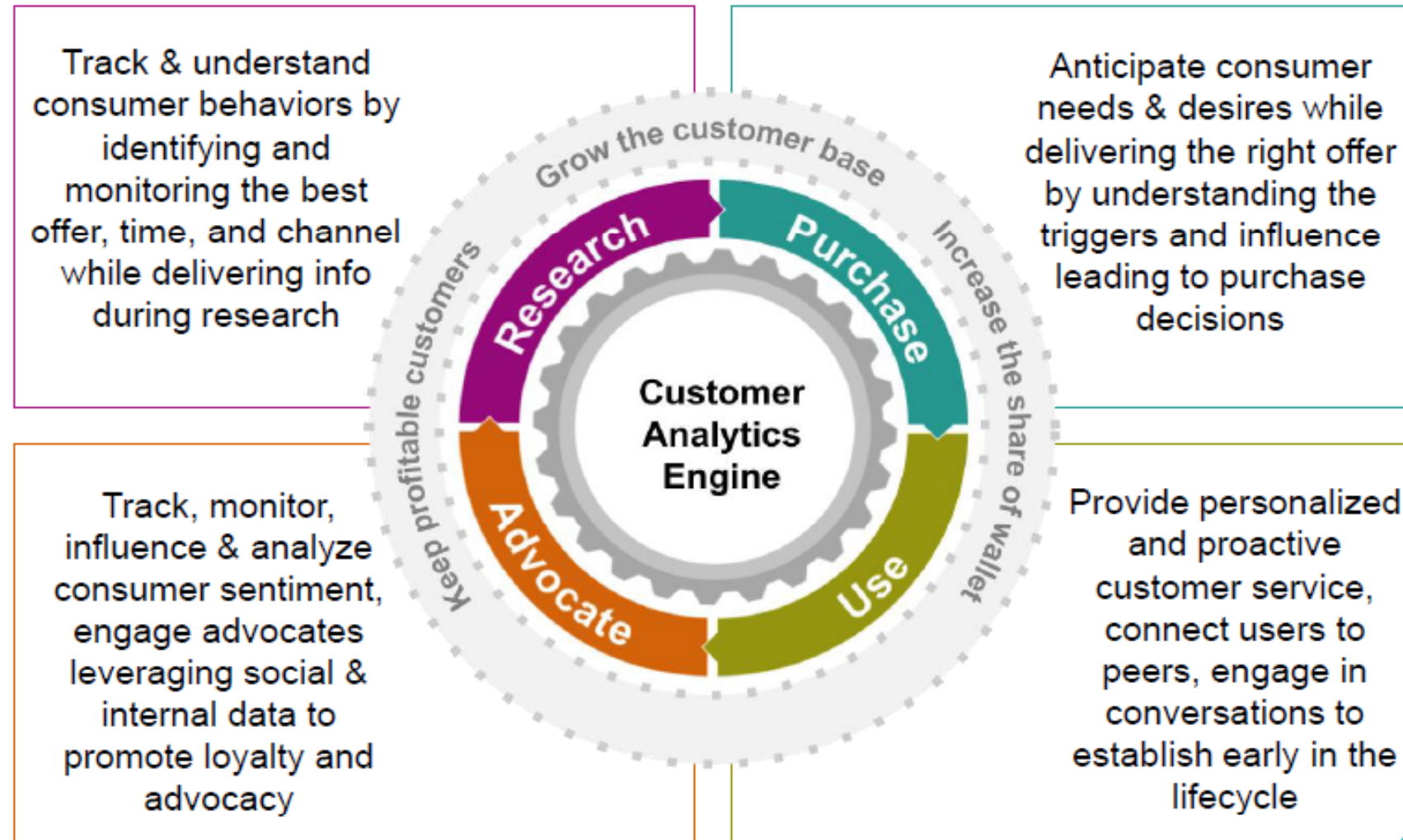




Data at the heart of customer analytics



Customer Analytics – definition & scope



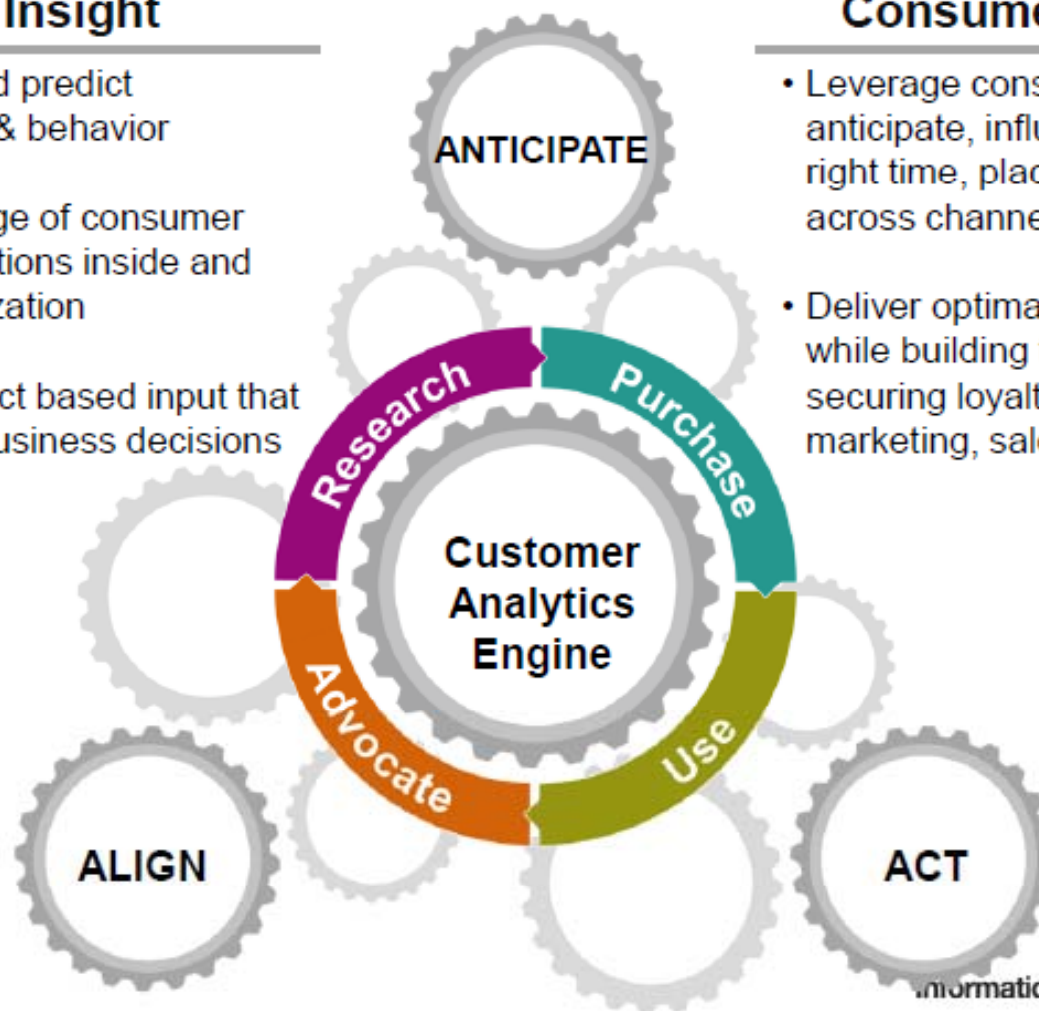
Customer Analytics – definition & scope

Align + Anticipate = Consumer Insight

- Align, understand and predict consumer intentions & behavior
- Leverage the full range of consumer data and communications inside and outside of the organization
- Provide actionable fact based input that will drive intelligent business decisions

Anticipate + Act = Consumer Experience

- Leverage consumer insight to anticipate, influence and act, at the right time, place and touch-points across channels beyond marketing
- Deliver optimal business outcomes while building trust & intimacy and securing loyalty and advocacy through marketing, sales and services.



Next Best Action: In summary, what makes NBA unique?

Advanced Analytics:

- Market-leading tools for predictive and advanced analytics
- Integrated optimization techniques that combine analytic output for the best answer

Decision Management:

- Mature technology combining analytics and business rules creation, integration, and execution
- Real-time recommendations beyond just marketing offers

Cross Channel Real Time Action:

- Actions include customer service, issue resolution, account management response and billing—all touch points managed in real time through the appropriate channel.

IBM Big Data Platform:

- Integrate and manage the full variety, velocity, and volume of data
- Establish a phased approach for enhanced **360 customer view**.
- Apply advanced analytics to information in its native form.

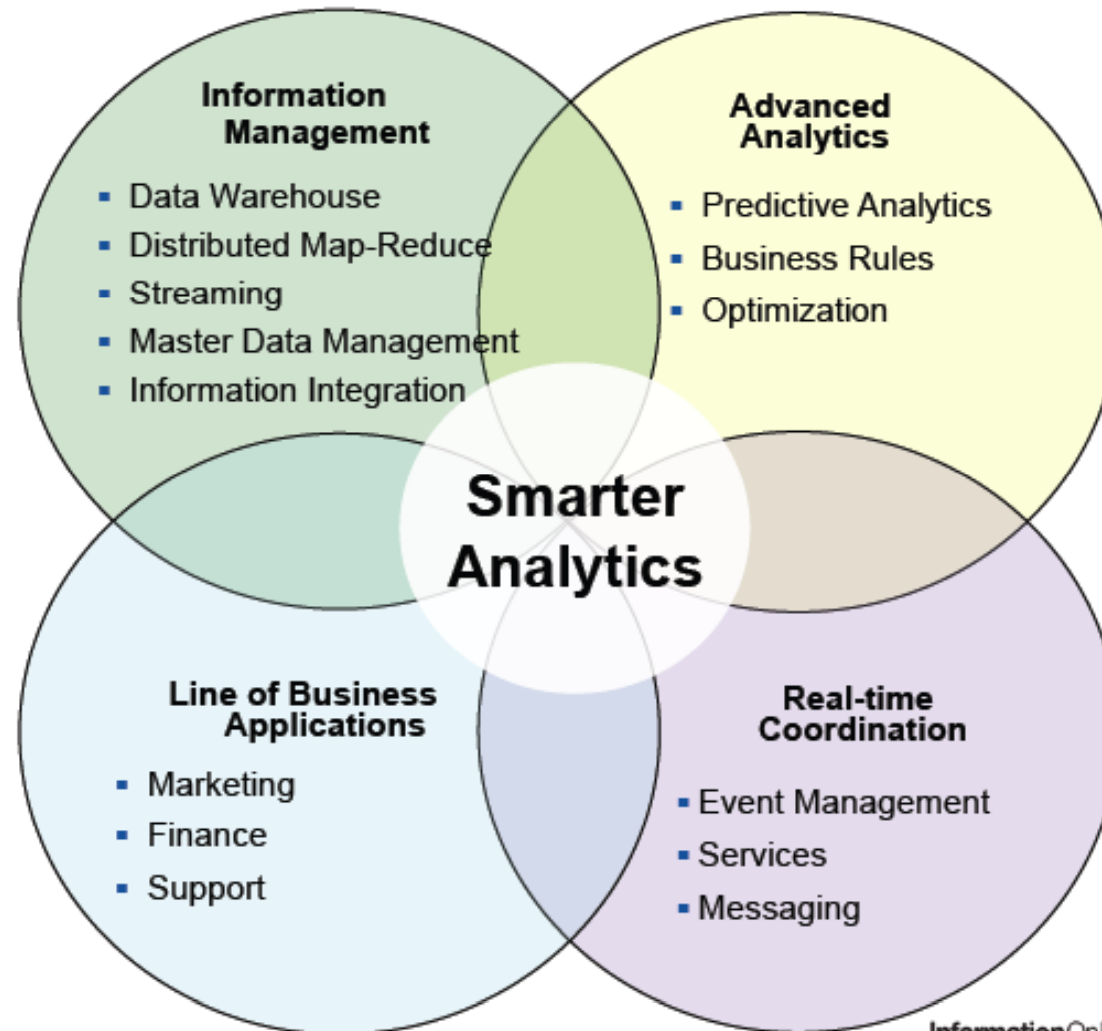
Multiple Entry Points:

- Analytics, Decision, and Information Management provide quantitative starting points for Next Best Action project.

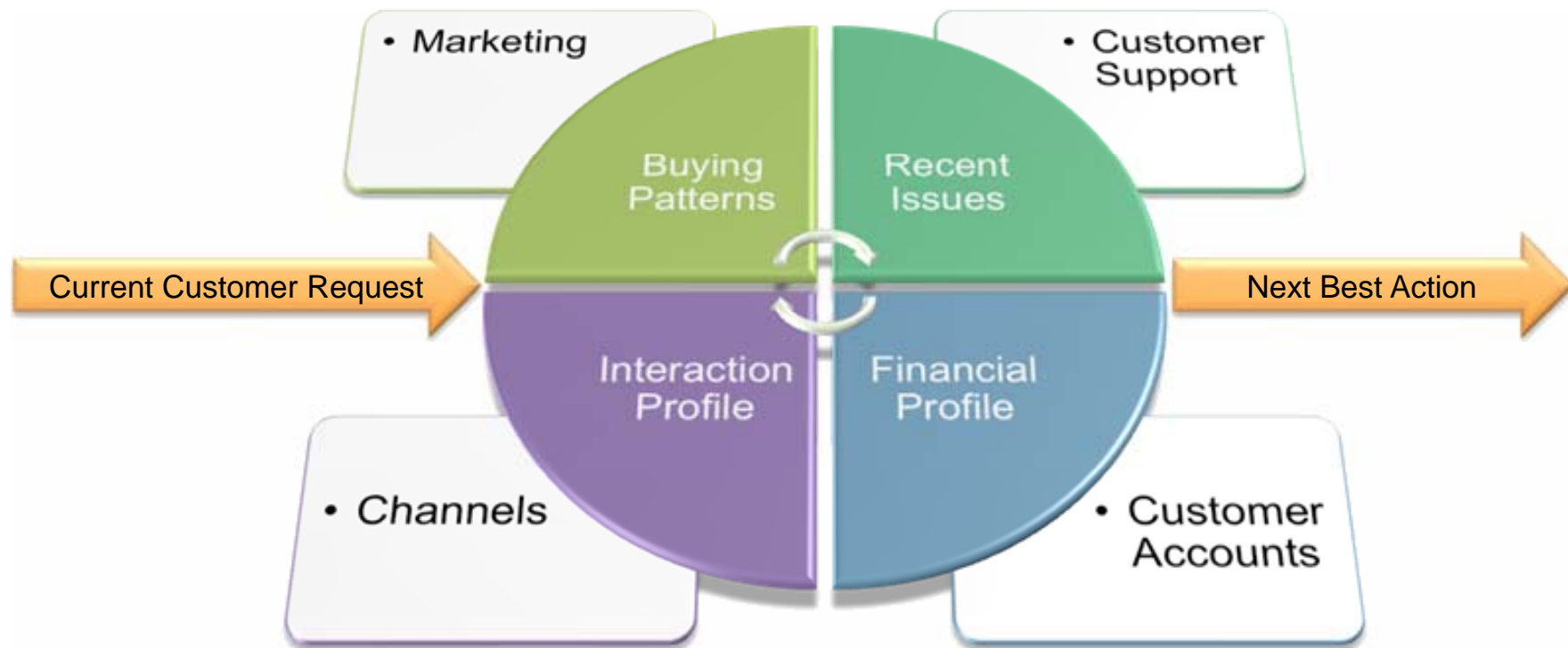


NBA Technology

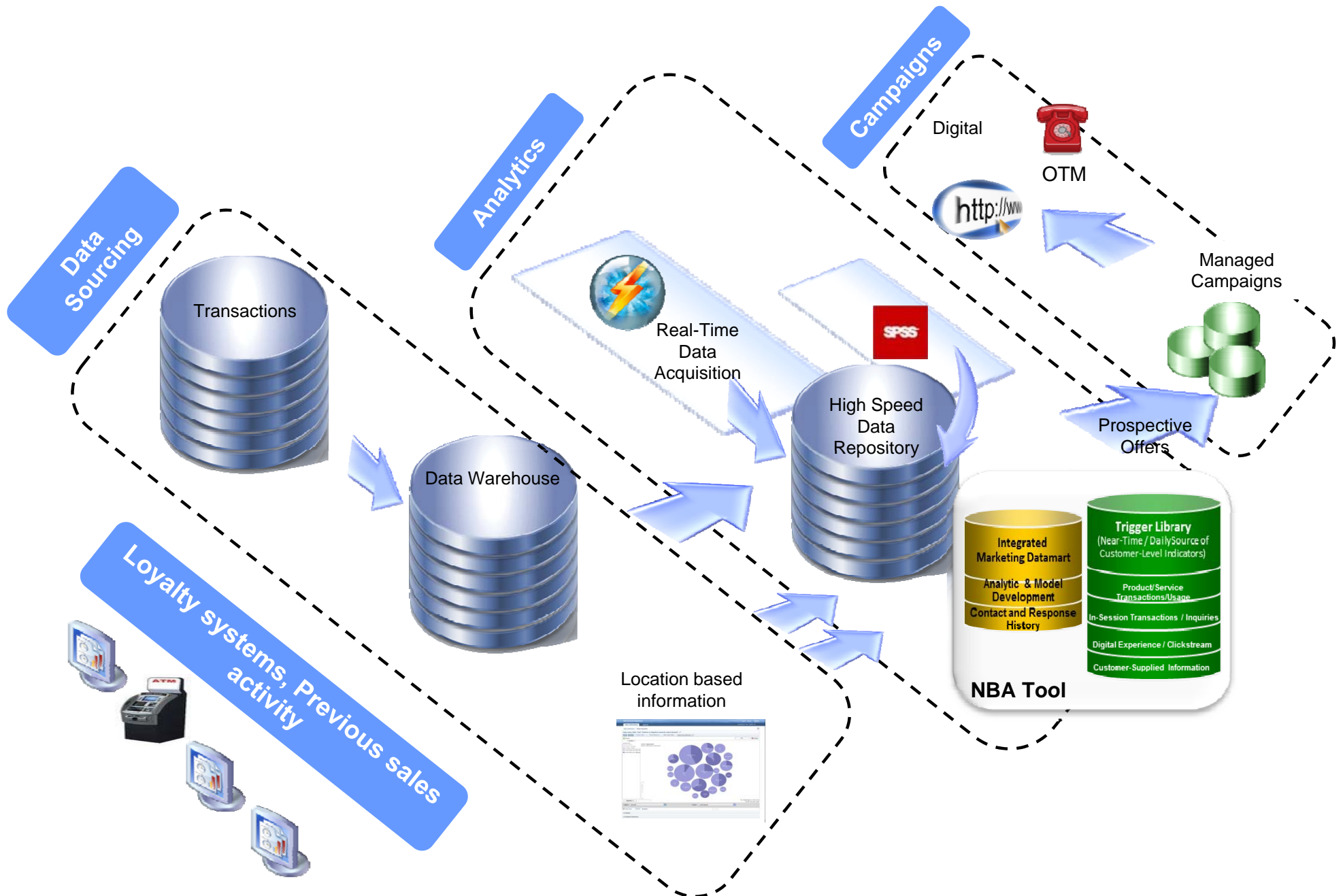
NBA use cases require technologies to be combined in new ways



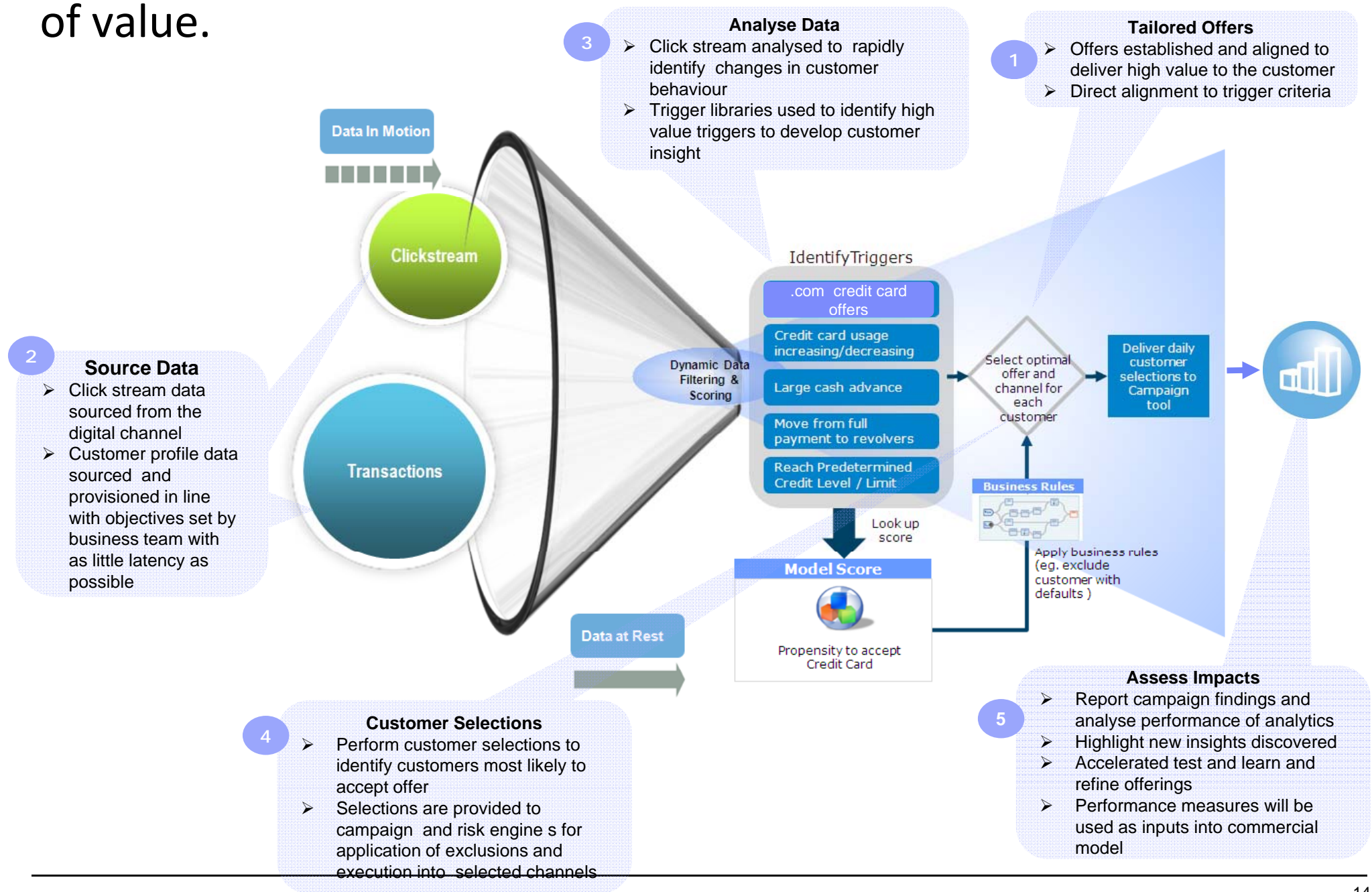
NBA drives successful, relevant interactions across all channels and all lines of business in batch and real time based on the latest 360 customer data



How will we do it?

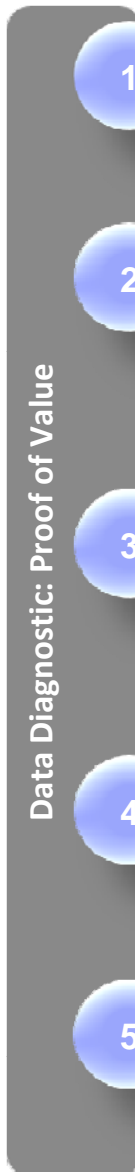
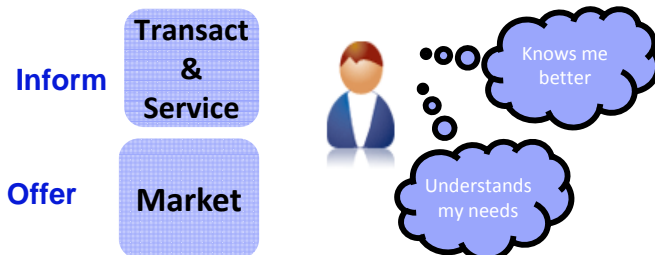
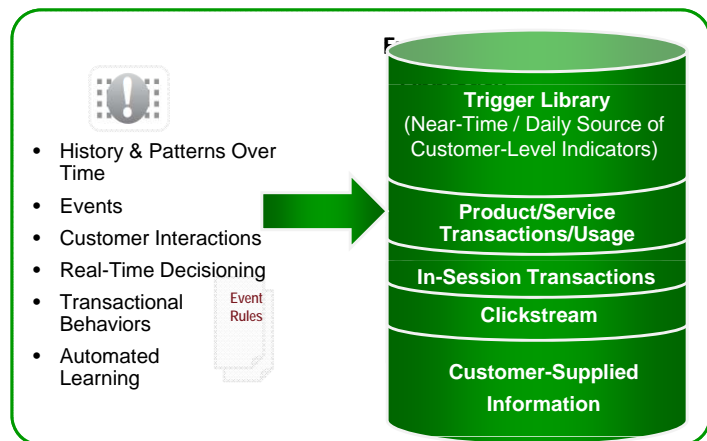
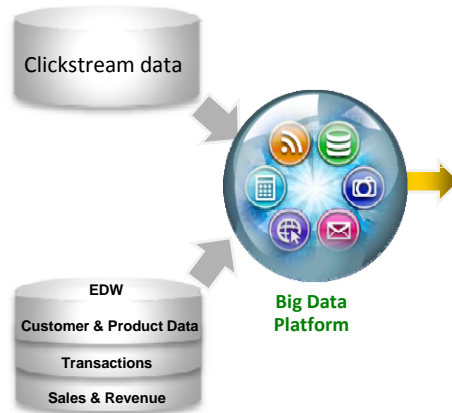


Managing scope will be critical to ensure the success of the proof of value.



Key components of the test case

There are five key components vital to the delivery of success and all required as part of an overall framework to deliver value



High value customer offers

- A set of high value offers aligned to core card features
- Offers specifically established to support tailored cross sell activity

Data Sourcing and Collection

- Source customer data from rich sources of information
- Credit card transactional and usage data
- Clickstream data from identifying digital interactions and customer behaviour
- Merge within a conceptual Big Data Platform

Scrub and Merge

- Merge and conform data to facilitate advanced analysis and derivation of customer attributes and preferences
- Merge content from website and internal repositories (for targeted customers/segments)
- Match IP address to customer record

Analytical Assessment

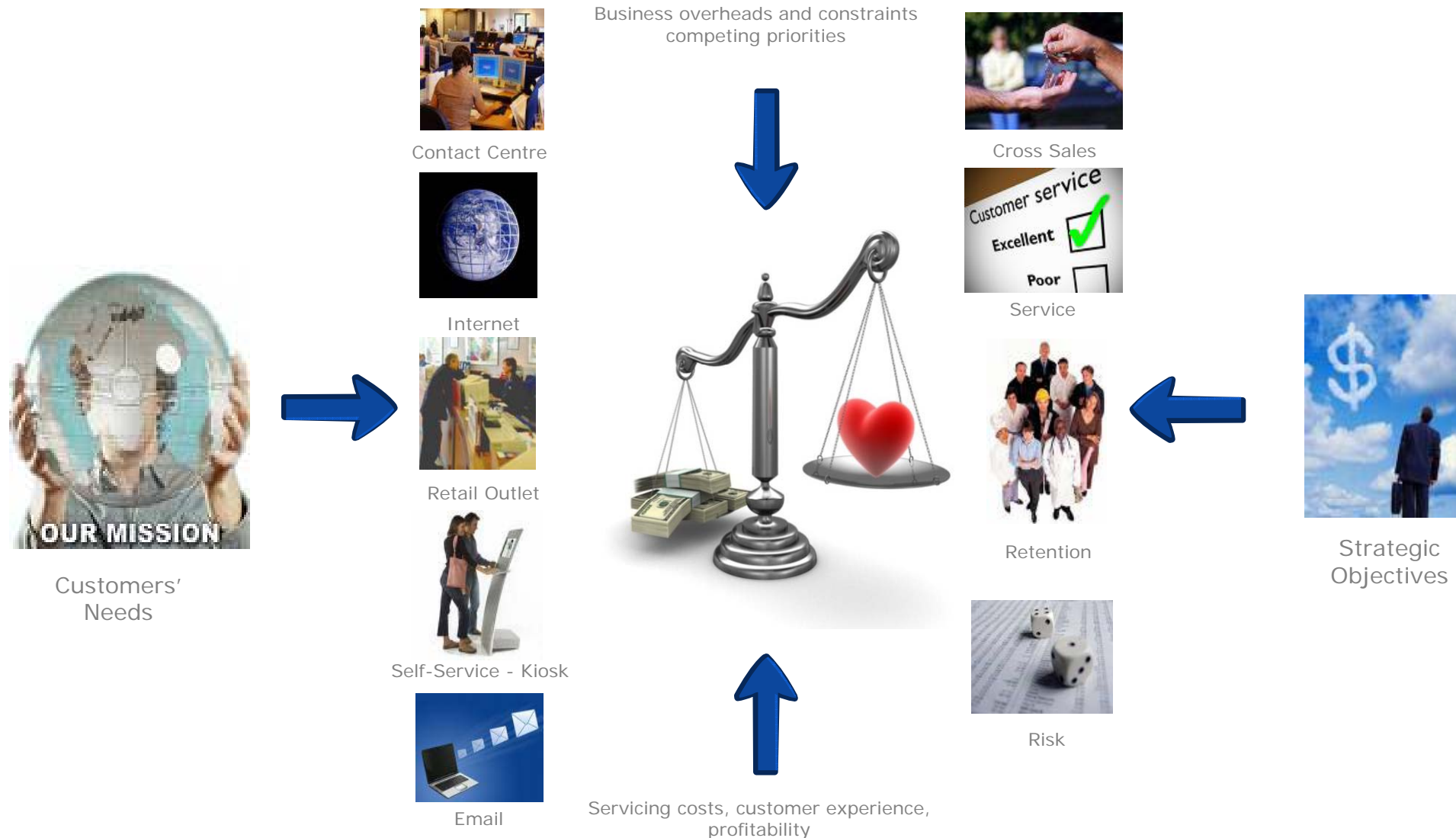
- Use analytics to segment and apply value scores to customers
- Build analytical models to predict the propensity to take up credit card offer
- Accelerated decisioning based on above models to execute relevant and timely offer to the customer

Channel Delivery

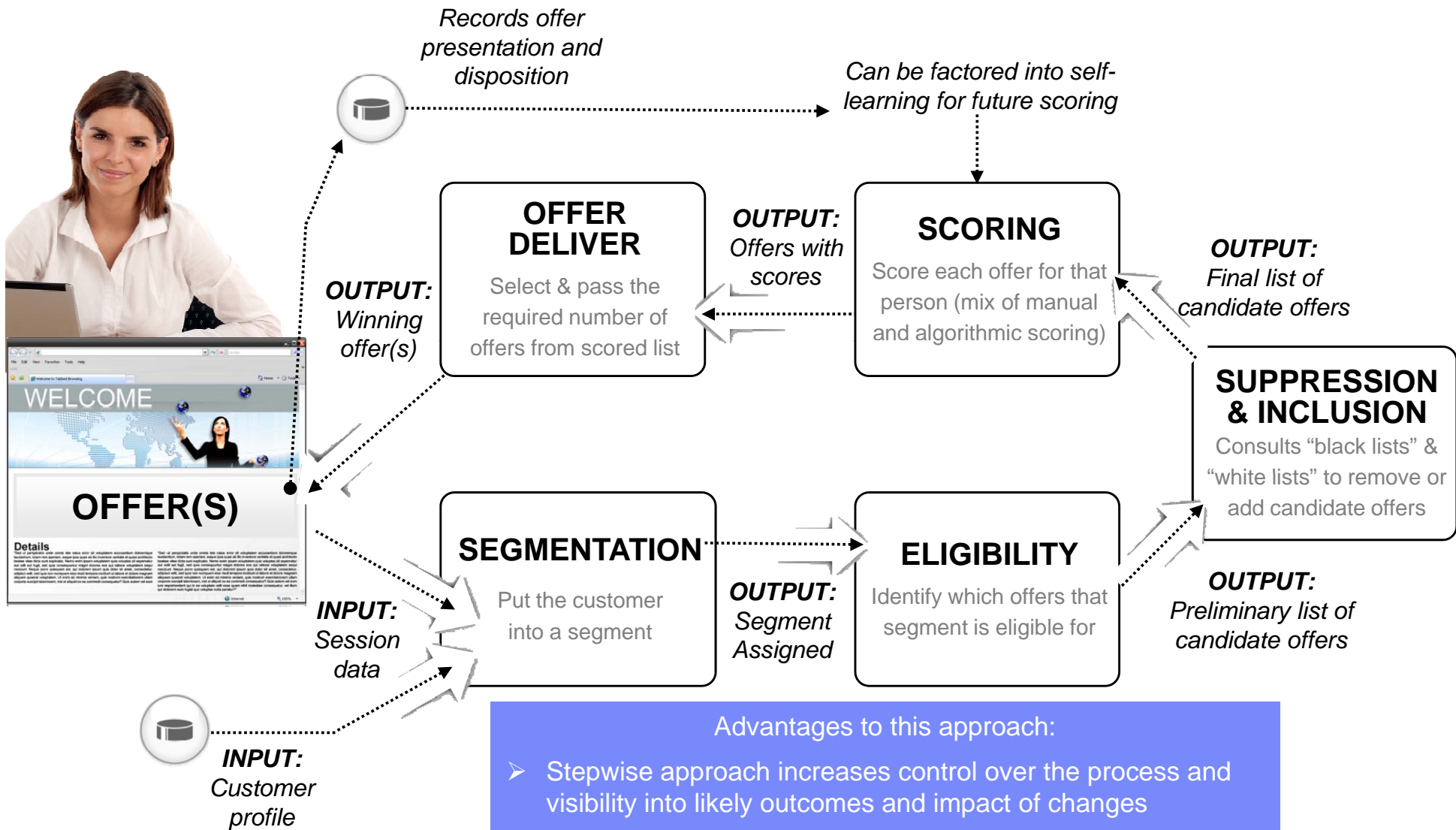
- Demonstrate execution/delivery capability by promptly communicating with the customer via direct customer interactions
- Capture and measure response rate to prove offer relevance and speed to market delivers incremental uplift over traditional methods of lead delivery

Customer Initiated Interactions

Maximising Customer Interactions by determining the relevant Next Best Action for your Customer



Customer Initiated Real-time decision process – how it works



- Advantages to this approach:
- Stepwise approach increases control over the process and visibility into likely outcomes and impact of changes
 - Mix of algorithms and manually-built logic blends both to maximum effect
 - Suppression & inclusion step allows for coordination with other marketing channels (e.g., outbound)

Questions

THINK

