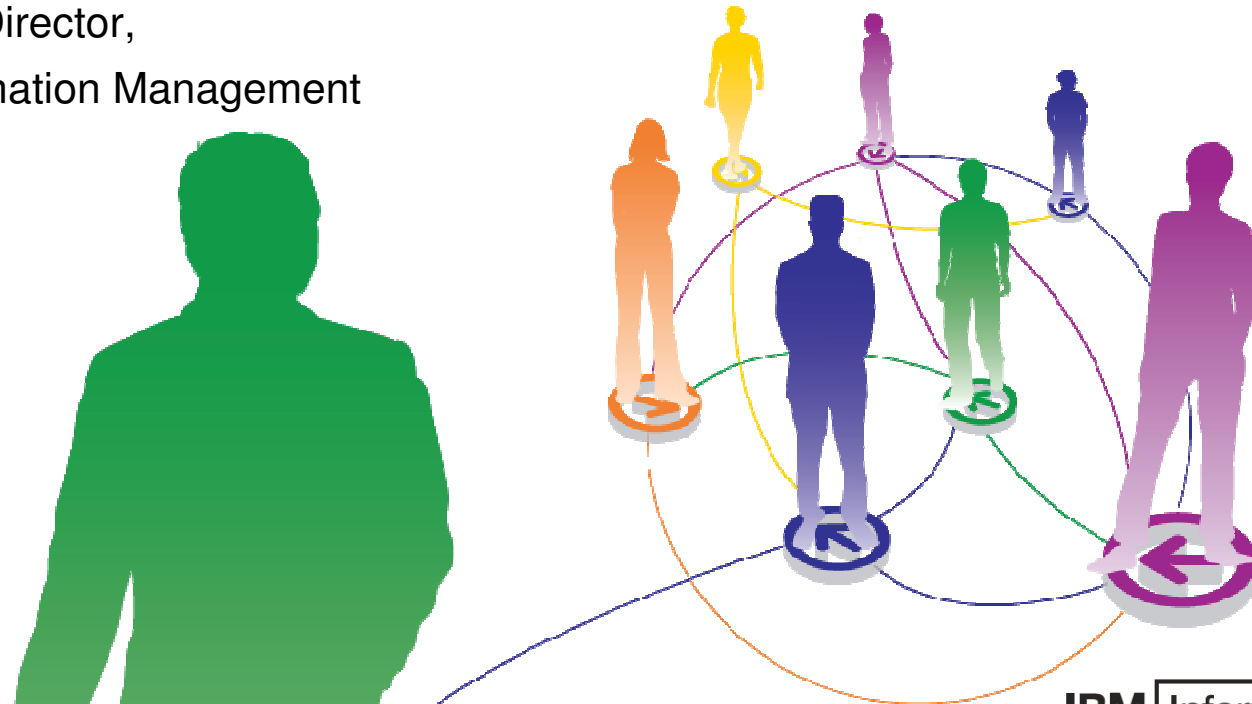


Beyond the Four Walls of your Enterprise: What your Customers Tell You

Richard Wozniak
Program Director,
IBM Information Management



IBM Information
ON Demand 2010



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Digital Noise = Semantic Deafness



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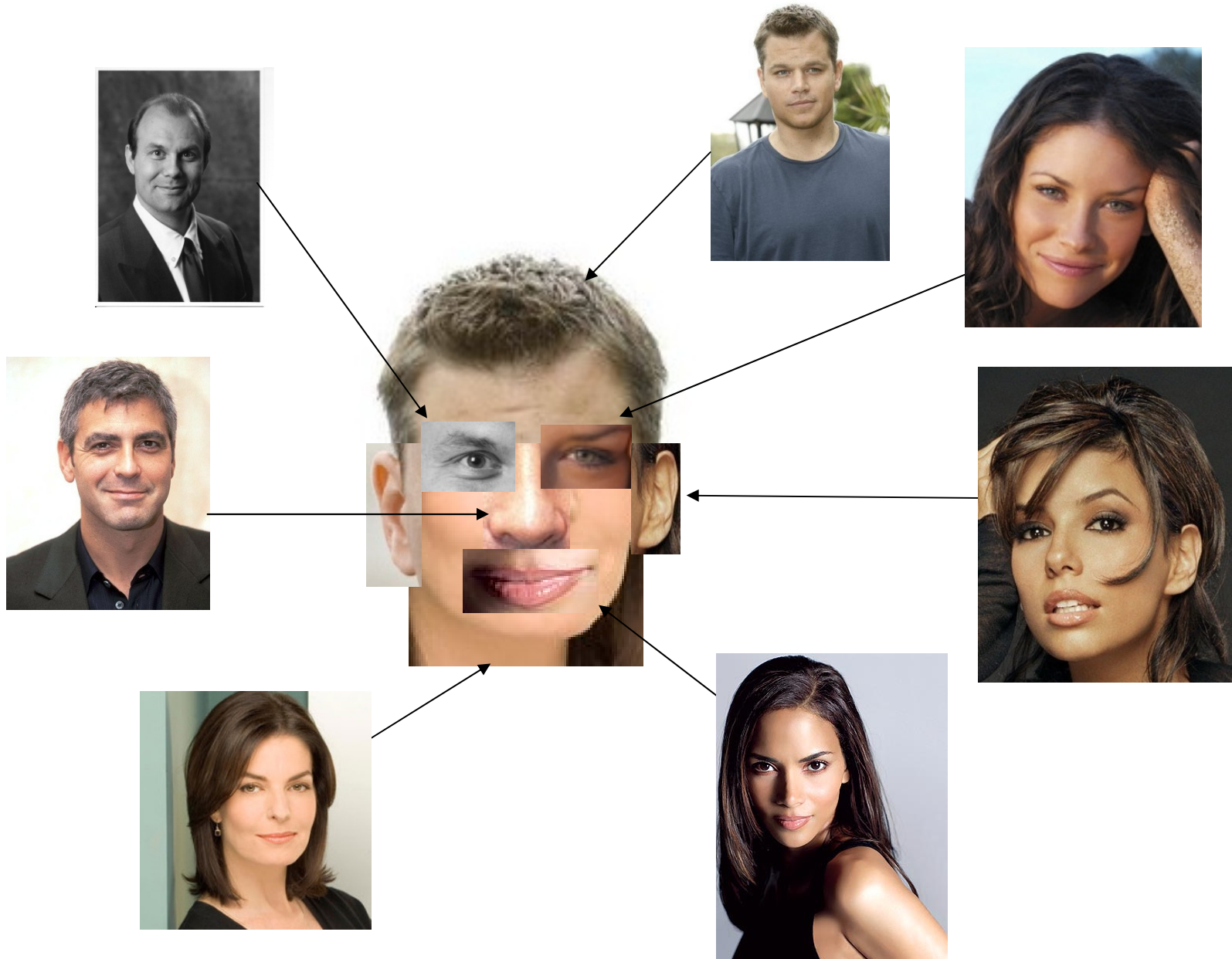
TOP STORY
**Jeff Jarvis: Dell
Learns to
Listen**

The blogger who brought you "Dell Hell" and set off a firestorm of complaints about the PC maker's woeful customer service thinks Dell has come a long way

Video: Dell Learns from Customers

ANDY MARTIN

Customer segments = Blurred Vision



The Noise Volume is Increasing...

Products Proliferation

- TNS Media Intelligence has 2 million brands in its database growing at 700 a day, over 10% a year
- In the 1990s, the number of brands on grocery store shelves tripled from 15,000 to 45,000



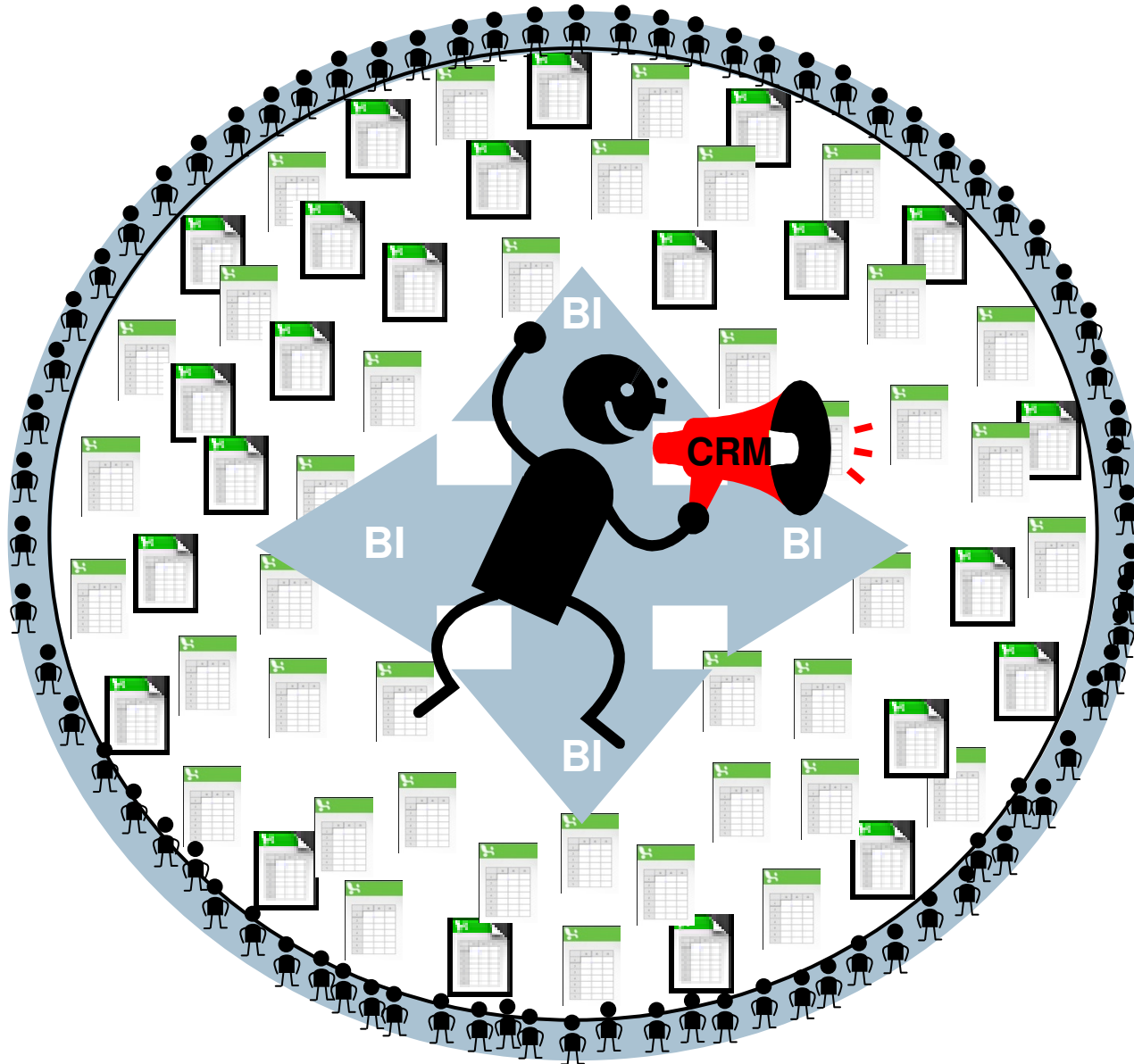
- 17,300 magazine titles (8,400 in 1960)
- 13,000 radio stations (4,400 in 1960)
- 82.4 TV channels per home (5.7 in 1960)
- 86.7M unique SNA users (March 2008)
- 3.3B cell users linked by GPS & SNA

Media Proliferation

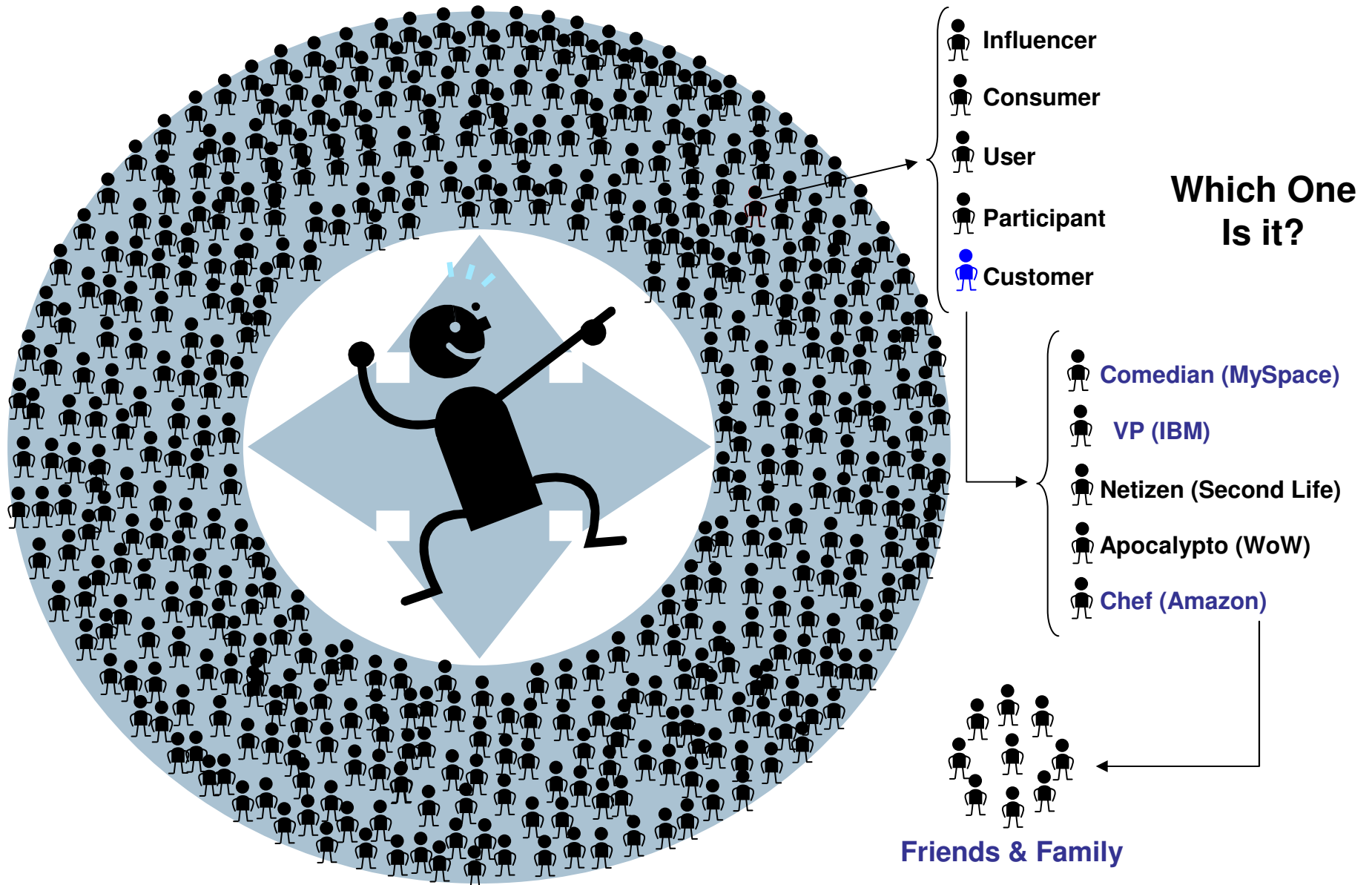
Access Proliferation



Spreadsheets = Undiscriminating Reach

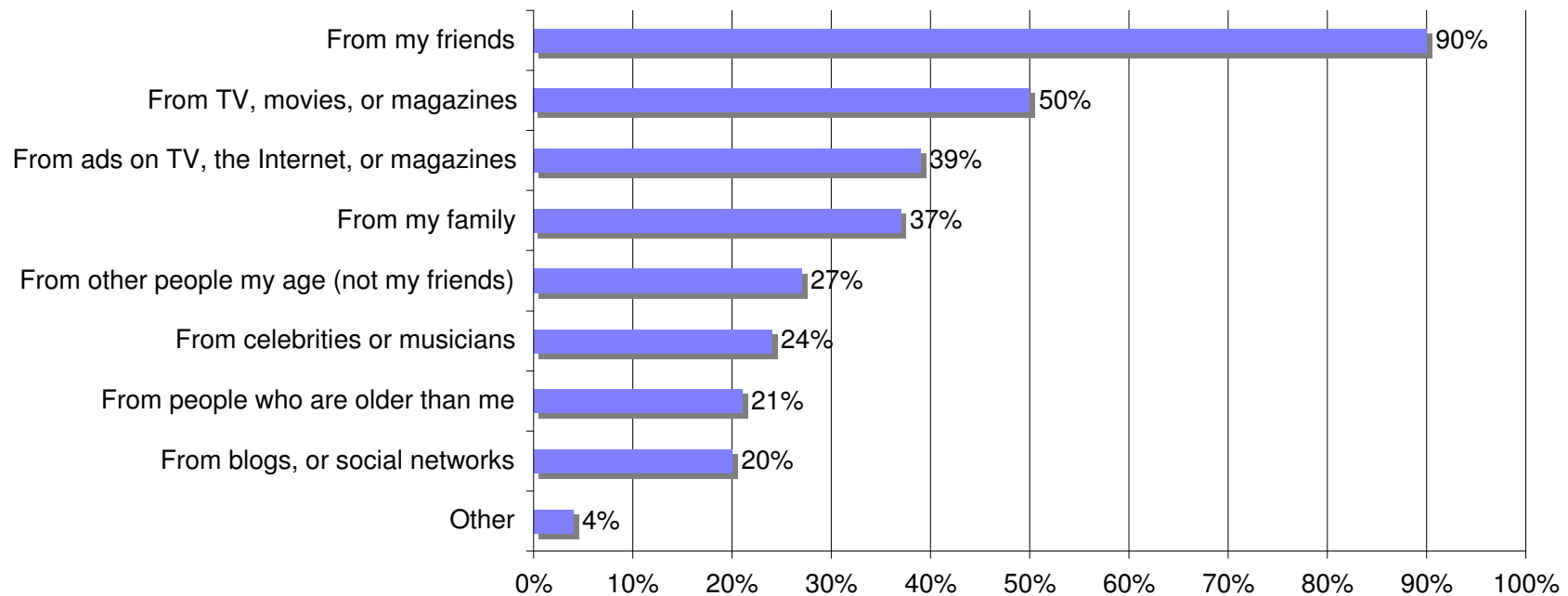


... Through a Multitude of Personalities



The Voice of the Customer's... Friends

"How do you learn about what's cool?"



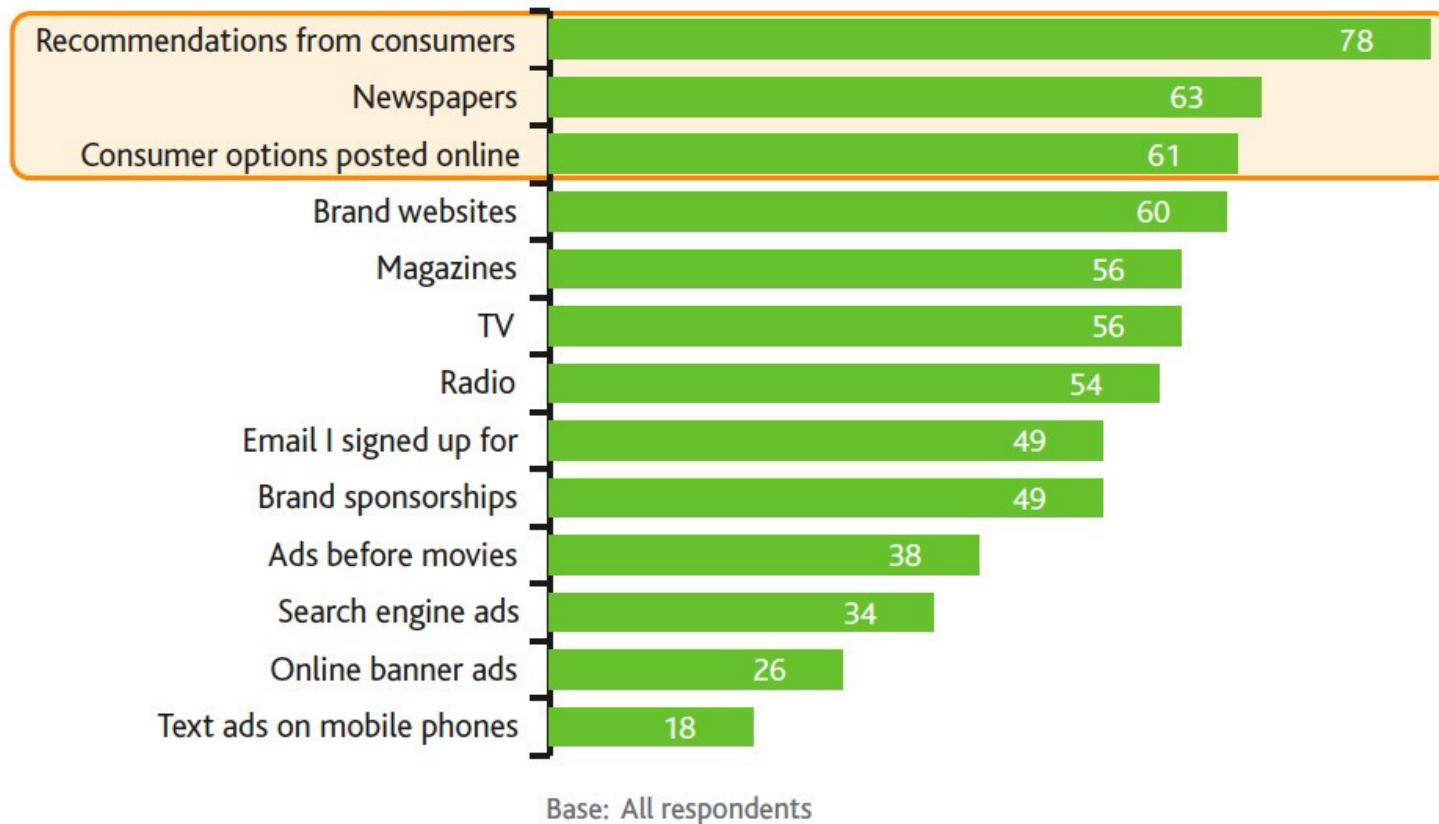
Base: 4,560 US online youth

Source: North American Technographics® Consumer Technology And Media Online Survey, 2007



Trusting the Voice of Peers

In general, consumers trust other consumers!
Traditional Media fare reasonably well, but online and mobile phone Ads aren't to be trusted

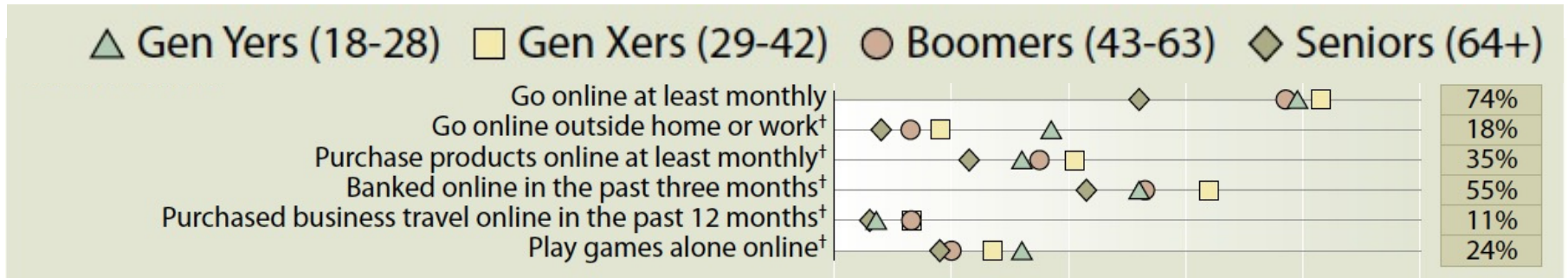


Source: Global Nielsen consumer report - Trust in Advertising - October 2007 (Base: 26,486 internet users in 47 markets from Europe, Asia Pacific, the Americas and the Middle East)

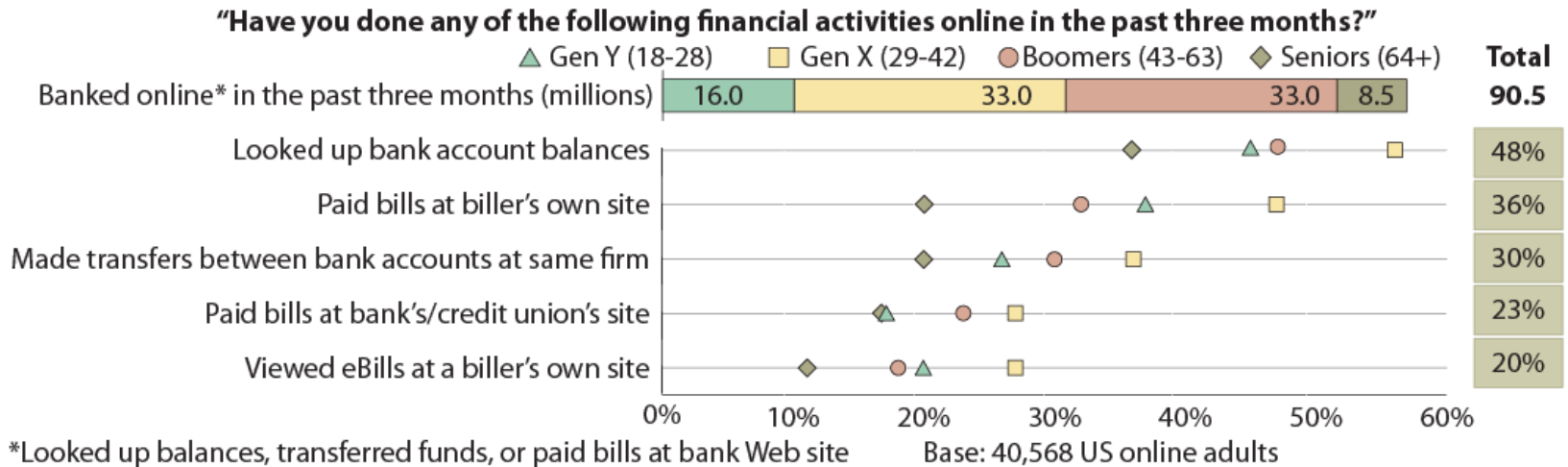
Points of Experience



... Should Not Be Taken for Granted



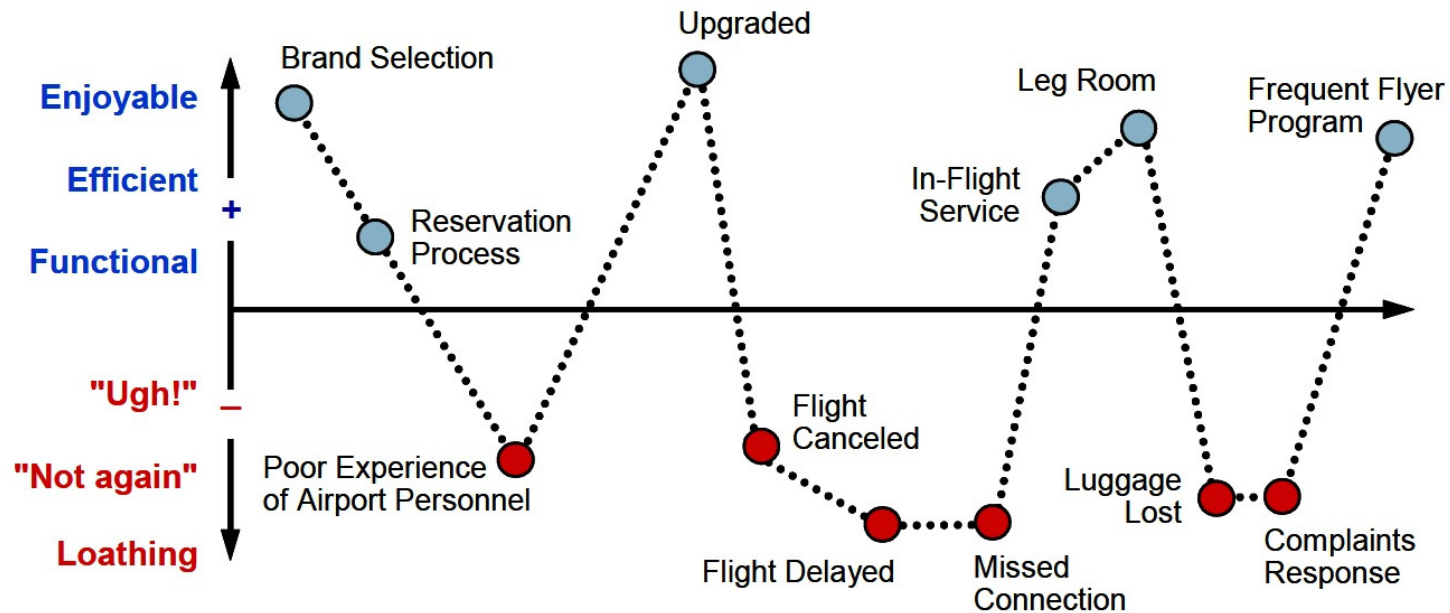
Online Banking Is A Gen X And Boomer Stronghold



Source: Forrester - 60,847 North American adults about their adoption of more than 450 brands, 100 online/computer activities, and 30 devices

Moments of Truth

- At every customer interaction with a company, there is at least one "moment of truth" an interaction that can disproportionately positively or negatively affect the customer experience.



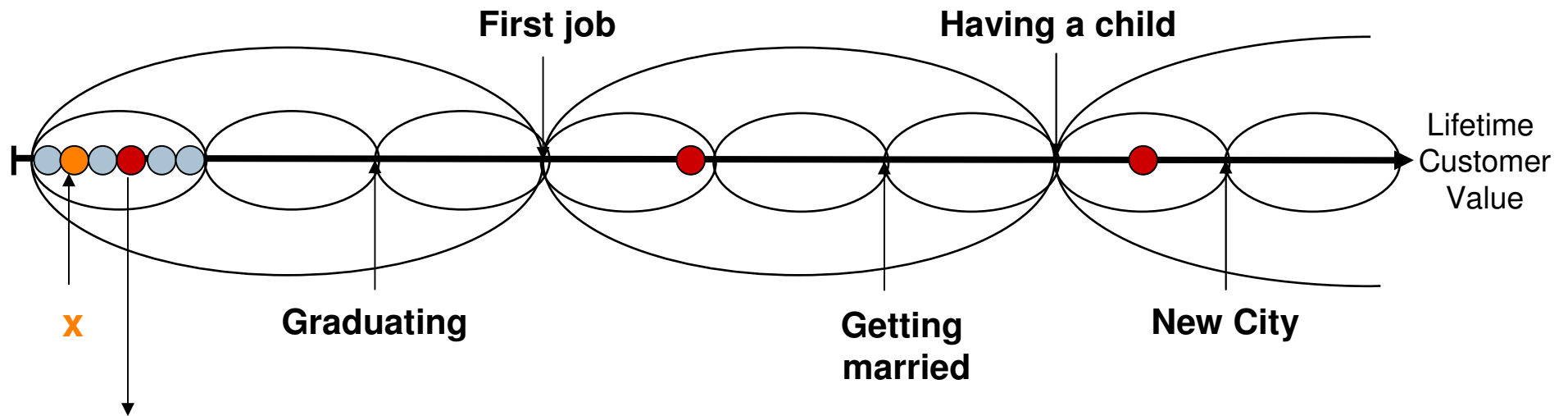
Source: Gartner (November 2007)

... In The Hands of Consumers

The image displays three overlapping screenshots of consumer review websites. At the top is the Yelp homepage for Chicago, featuring the slogan "Real People. Real Reviews." and navigation links like "Welcome", "About Me", and "Write a Review". Below it is the TripAdvisor homepage, which includes a "Bargain Travel Guide" and a "Sign Up" button. The bottom section shows the Angie's List homepage, featuring a testimonial about a contractor and a "Tired of LOUSY service?" headline. The Angie's List section also includes a "Browse by Destination" map and a list of reasons why users should join the service.

When Should Organizations Engage?

Lifetime changing events

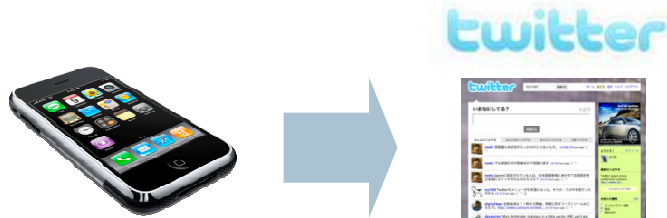


Invariants - (emotional anchors / i.e. die-hard fans of...)

Important changes

→ **Immediacy**

→ **Right time vs. Real time**

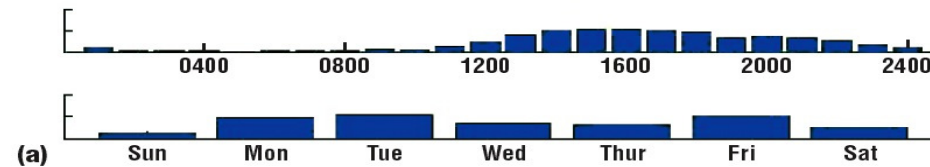


... And How Deeply to Engage?

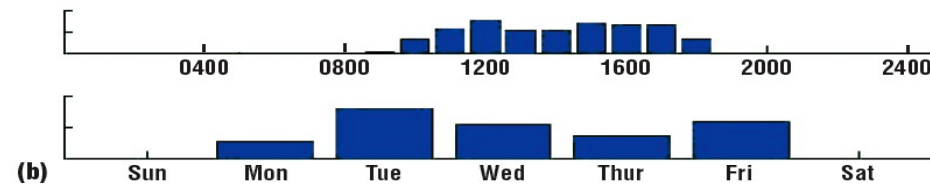
→ Your most important relationships are buried in your mobile phone records

Proximity frequency

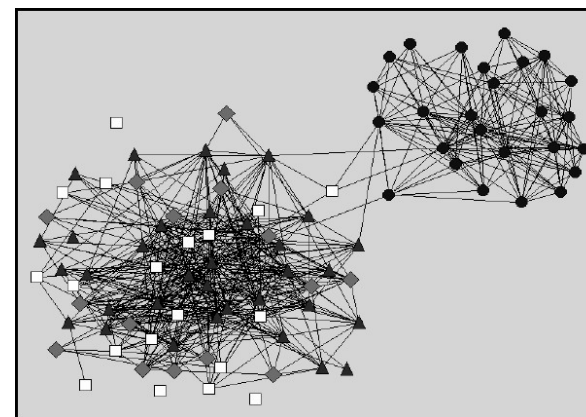
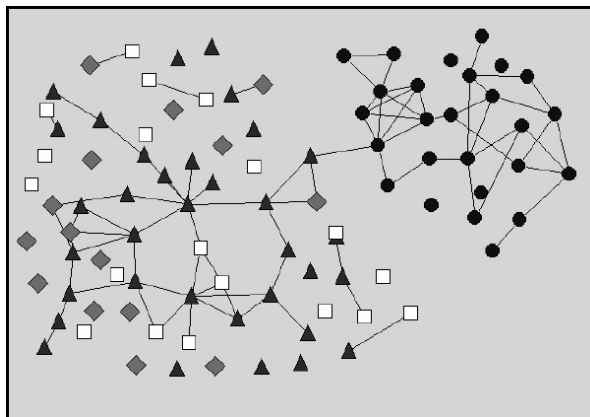
Friend



Office mate



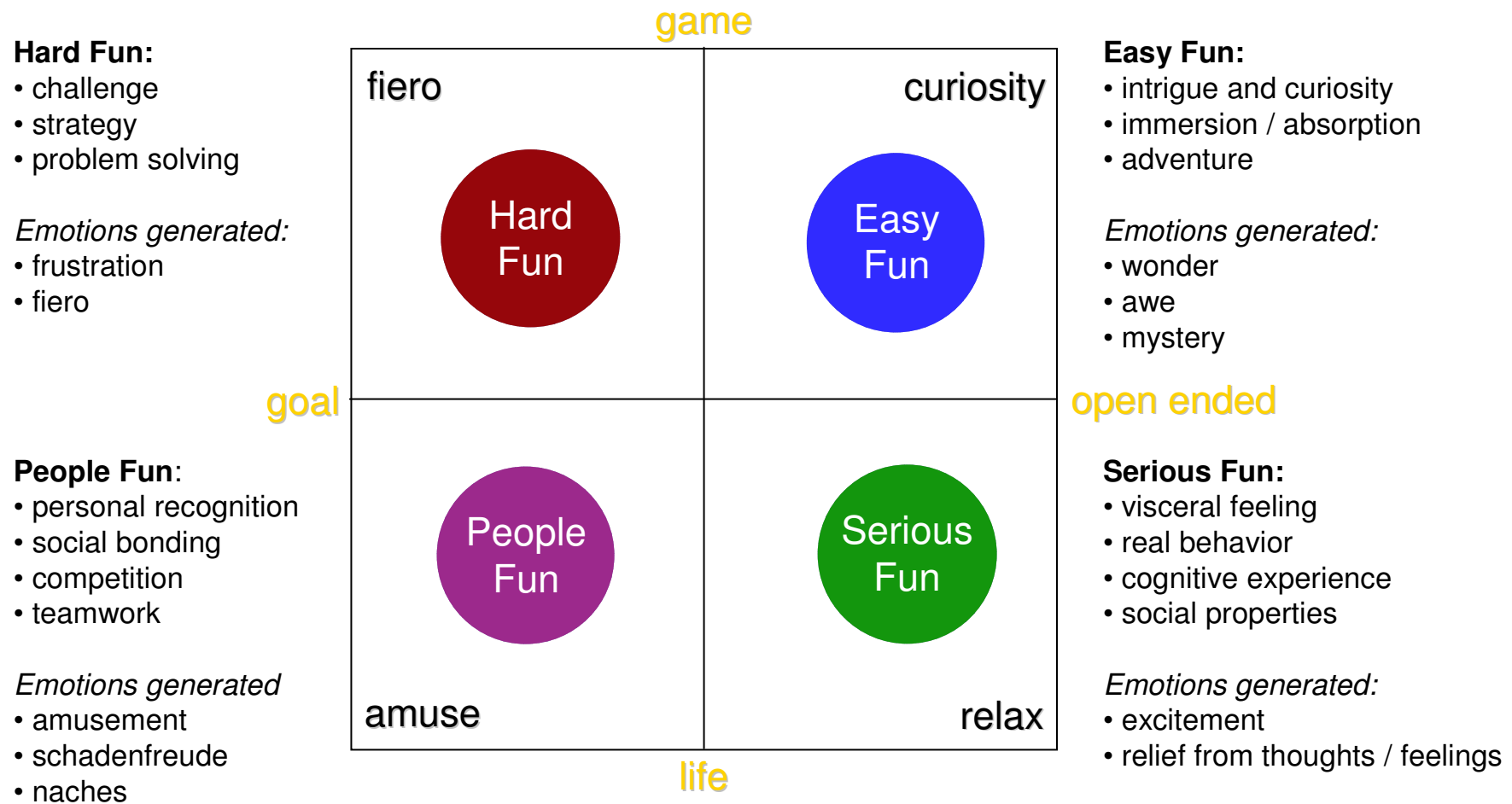
→ Friendship (left) and daily proximity (right) networks share similar structure



Source: MIT reality mining project - gathered 500,000 hours (60 years) of cell phone usage on campus (e.g., call logs, Bluetooth proximity, towers ID, apps usage, status [charging, idle, off...])

No Decisions Without Emotions...

→ “Moments of truth” are those few interactions where customers have an unusual amount of emotional energy invested in the outcome”⁽¹⁾



... For Emotionally Driven Decisions

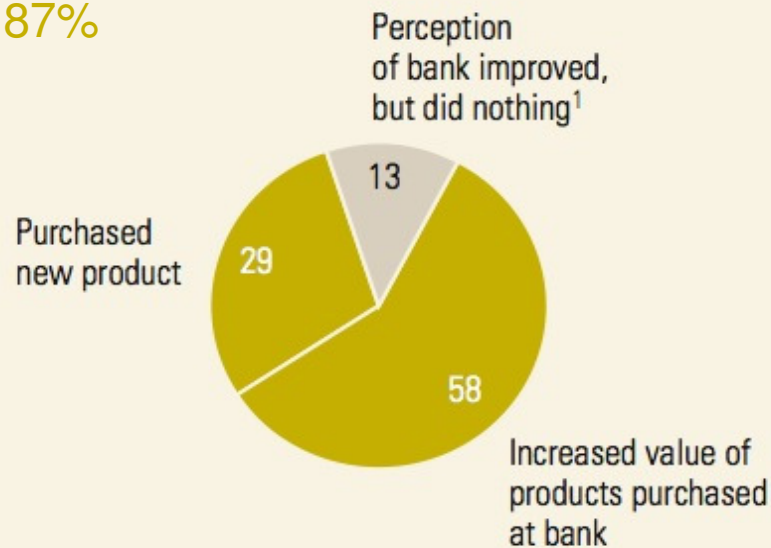
- At banks, emotionally charged interactions (e.g., receiving financial advice and negotiating mortgages as opposed to buying travelers' checks) can have dramatic impacts on the organization's bottom line

% of respondents who experienced 'moment of truth' during past 24 months

Positive

100% = 1,528

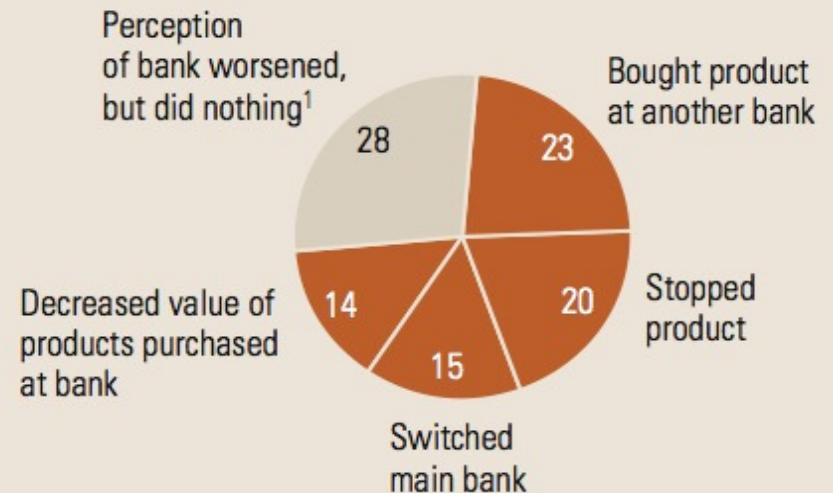
87%



Negative

100% = 701

72%

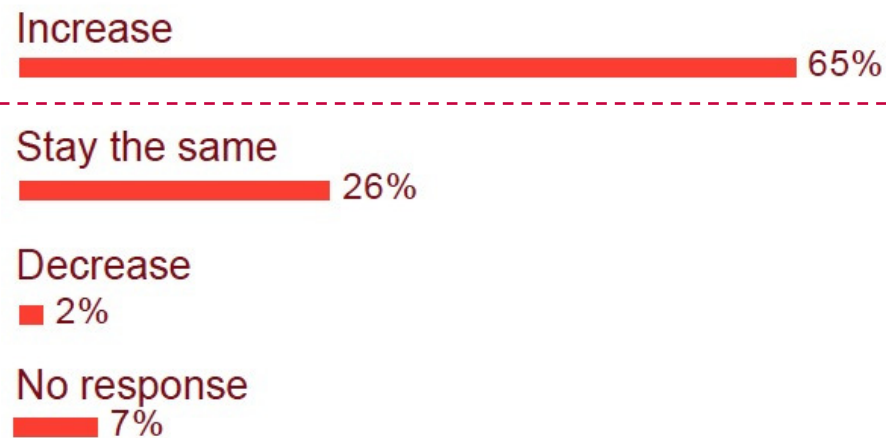


CEOs Are Investing in Active Listening

Chart 1. What companies use most to analyze customer information

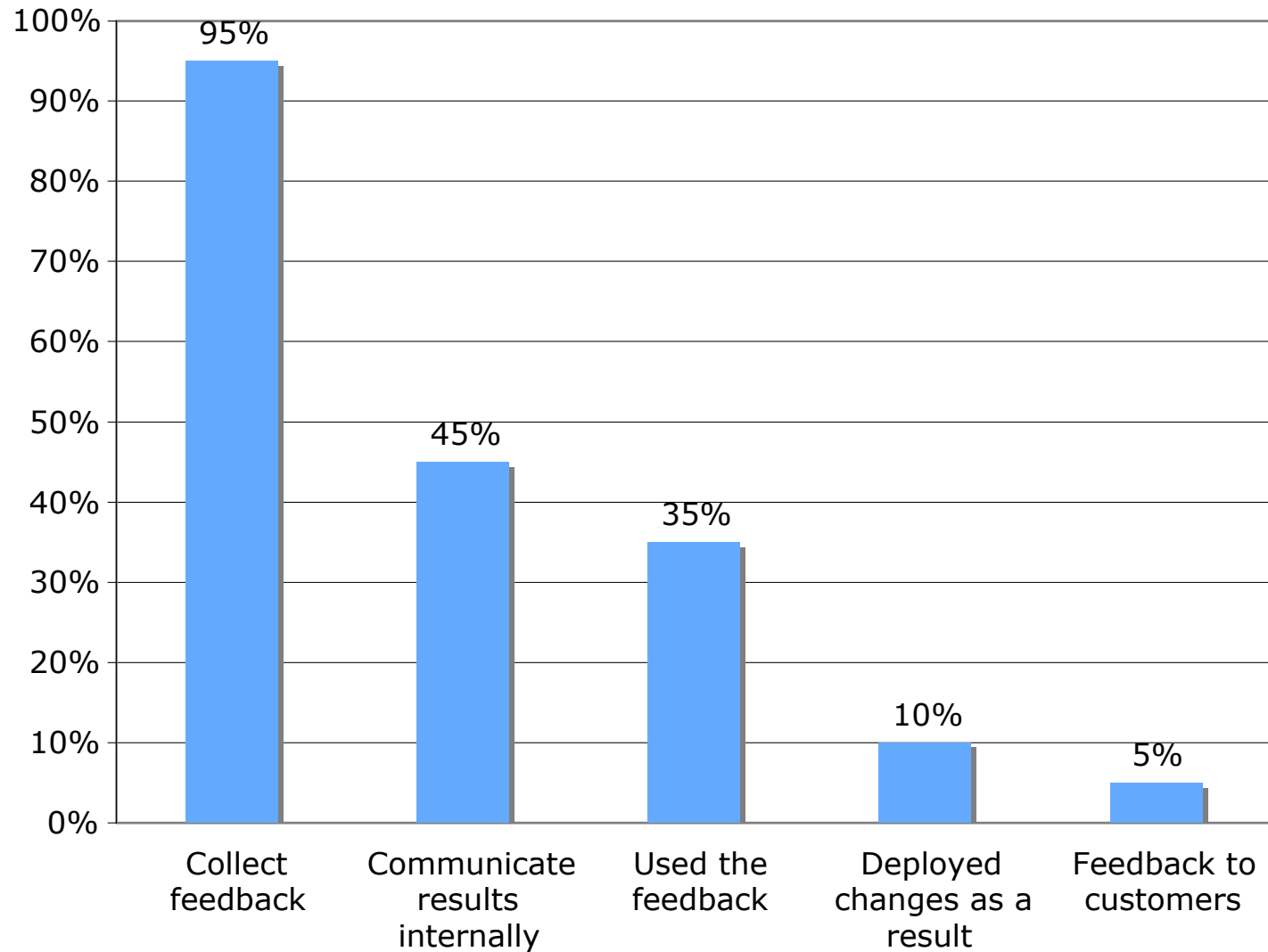


Chart 4. In the next 24 months, do you expect your company's overall investment in knowing your customers to:



Source: PWC Management Barometer 1Q08 (Base: based on interviews with 118 senior executives of large, US-based multinationals - Avg Revenues \$7.1B)

... But are They Using that Feedback?



Source: Gartner - Nov 9, 2007 - G00152537

Thoughtful Actions: Rules of Engagement

Customer Experience Management (CEM)

→ Basic Principles:

- Transparency of Offering
- Relevancy of Communication
- Ease of Interaction
- Value of Incentive

→ Key Elements⁽¹⁾

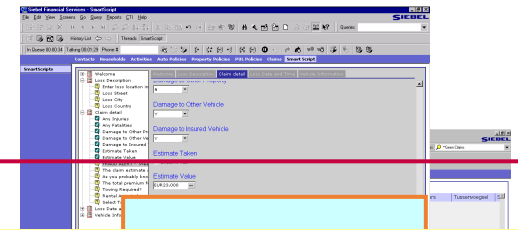
- **Discipline.** CEM is not about creating slogans like “this is the year of the customer.” It needs to be a set of ongoing activities like a well-established voice of the customer program
- **Increasing loyalty.** CEM is not about an altruistic belief that customers should be treated better. It needs to be linked to more profitable (or strategically improved) long-term behaviors of customers
- **Customers’ needs and expectations.** CEM needs to be calibrated from the perspective of target customers

(1) - Forrester Research - Bruce Temkin: “What The Heck Is Customer Experience?,” 2008

Acting with Precision

Manage Risk

Assessment of risk at the point of data entry



Acquire

Cross-sell and up-sell offers via the Web site



Large UK insurance company
 - Use the "Wisdom of Crowds"
 - Resulting in 20% better renewal rate

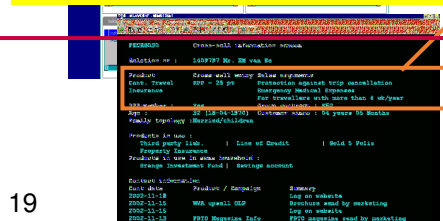
US 2008 Presidential Election
 - Interaction at the *individual* level
 - Leverages attitudinal data (key targets)
 - Switching 9 states party affiliation!



Grow

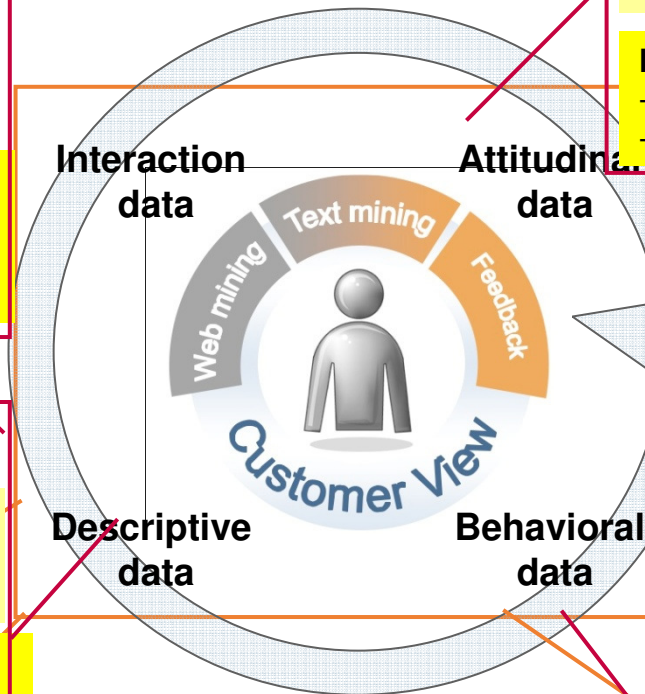
Large Dutch financial services cie
 - 2 months & 30 Million additional sales
 - 30% conversions

Large Eastern European telco
 - Customer definition changing rapidly
 - Lift from SNA: churn down 20%



Sales offers presented via the call centre

Grow



Large Japanese motorcycle manufacturer
 - Clients influence model design
 - proactively address changing market needs

Large European telco provider
 - users design products (web 2.0)
 - Gained competitive advantage

Detect Fraud

US property and casualty insurer
 - Embedded analytics in claims handling
 - ROI of 403%, payback in 3 months

Real-time identification of suspicious transactions

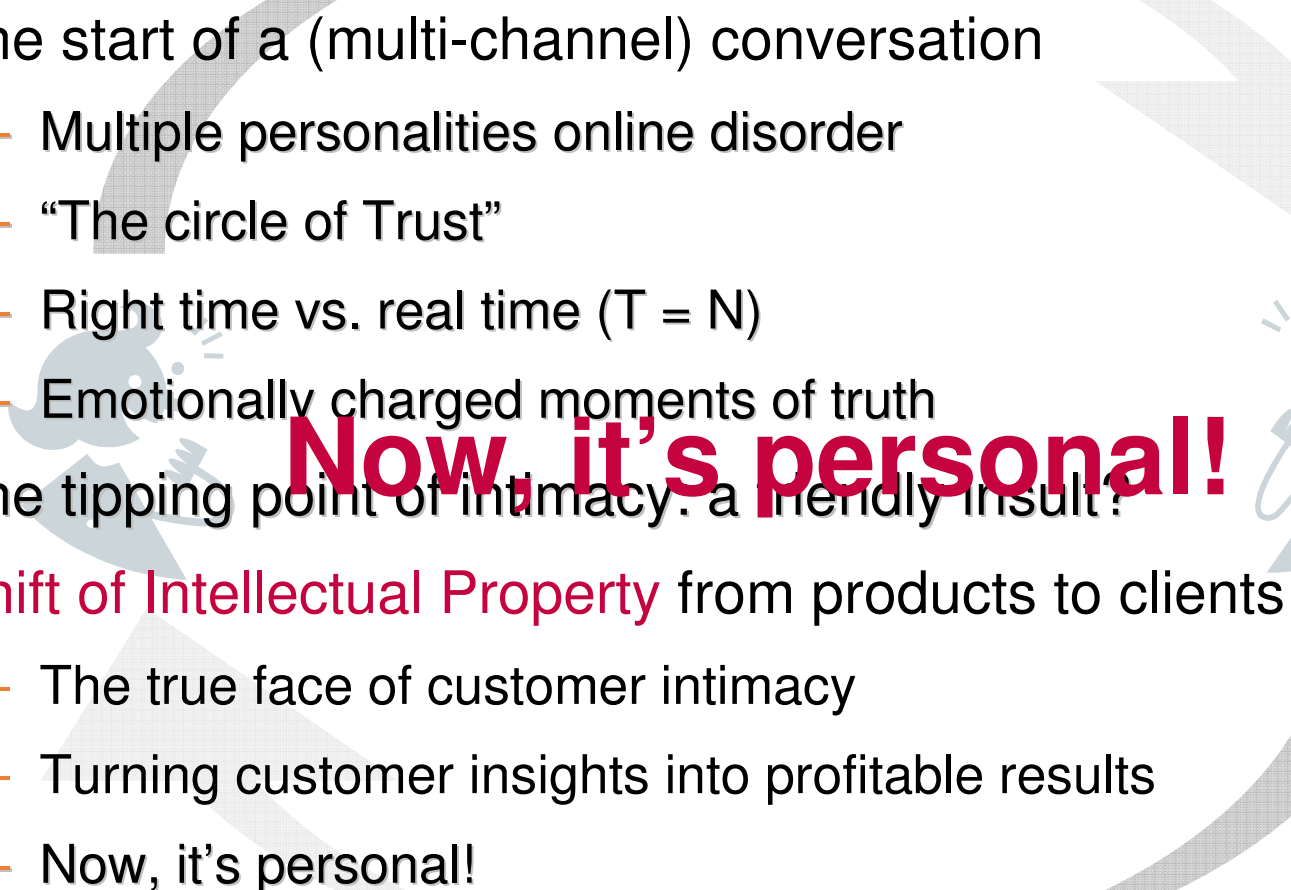
Retain

Large US telco provider
 - Churn modelling with notes & SNA data
 - Lowest churn rate in the industry

Large Swiss telco provider
 - Retention with attitudinal data
 - Churn reduced from 14% to 2%

Real-time retention actions via chat messages

Toward The End of the Averaged Customer

- 
- The start of a (multi-channel) conversation
 - Multiple personalities online disorder
 - “The circle of Trust”
 - Right time vs. real time ($T = N$)
 - Emotionally charged moments of truth
 - The tipping point of intimacy: a friendly insult?
 - **Shift of Intellectual Property** from products to clients
 - The true face of customer intimacy
 - Turning customer insights into profitable results
 - Now, it's personal!



Thank You!

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