



Turning Customer Intelligence into business value

The importance of a well functioning and balance
Customer Intelligence process.

On their journey from product focus to customer focus and defining and refining their value propositions, most companies understand the importance of Customer Intelligence, especially in an era where availability of data is exploding.

However, we still see CMO's, CCO's, etc. struggling to understand the different dimensions of Customer Intelligence and therefore they do not always succeed in turning customer data into maximum business value.

We believe companies should invest in developing the Customer Intelligence function in order to start seeing real top-line improvements through e.g. product development, sales and service effectiveness and campaign management.

Customer Intelligence can be defined as the process of collecting, analyzing and applying quantitative and qualitative information about the customer and its environment, with relevance to the company's (desired) relationship with the customer. Effective Customer Intelligence activities have a direct business impact, particularly on revenue growth and profitability.

We can see three dimensions within the Customer Intelligence process (see figure):

1. Need to know: this dimension is about management prioritization and strategic alignment; what do you need to know about your customers in order to make strategic and operational decisions? How will these insights be used and what issues will they solve? E.g. strategically aligned and well-planned demand on customer insights vs. ad-hoc demand

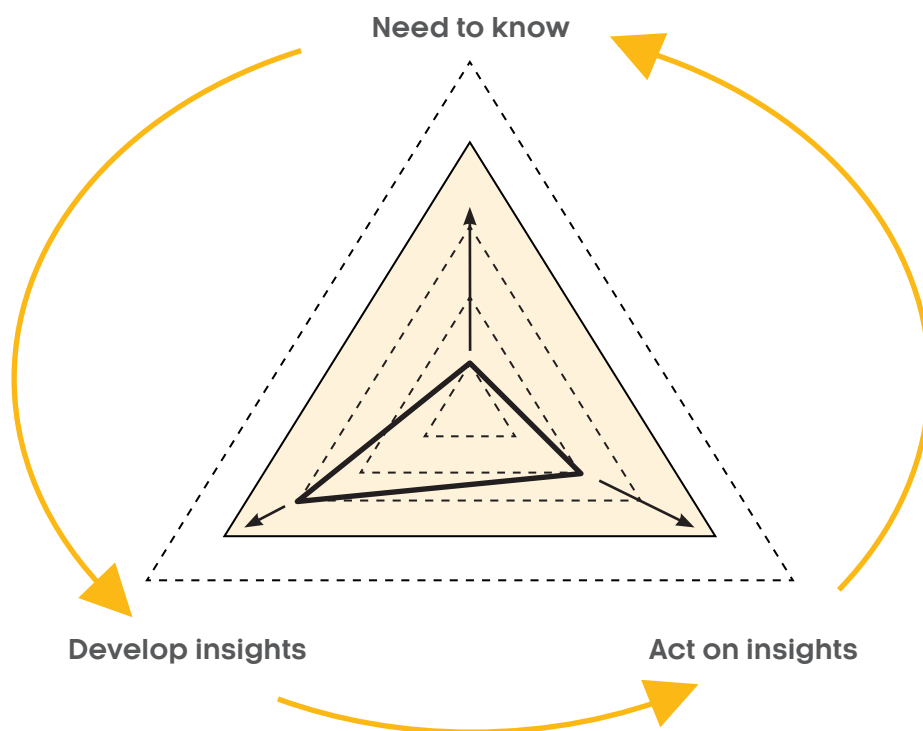


Figure: Customer Intelligence process and maturity model

2. Develop insights: this dimension is about how data is collected and how the analytical processes and reporting processes function. How do you turn data into actionable insights? E.g. Predictive modeling, micro segmentation.

3. Act on insights: this dimension is about applying the insights in order to achieve value realization. What do you do differently because of the new insights? E.g. new value propositions, differentiated service levels, personalized omni-channel campaigns.

What we usually see in organizations is an out of balance Customer Intelligence function. One of the dimensions is often either under-developed or over-developed relative to the other two dimensions leading to sub optimization of the overall function.

Typically we see:

1. The need to know dimension is the weakest link - little strategic thinking and prioritization from senior management about what customer insight is needed to take important business decisions. Majority of customer analytics is done on an ad-hoc basis with no clear idea why the analytics is needed and what the expected benefits will be, OR:

2. The develop insights dimension is relative to the other dimensions over-developed - companies invest in highly skilled analysts and "Rolls Royce-type" of analytical tools. Without the right demand and prioritization from management and without the different customer facing functions e.g. sales, service, CRM, knowing what to do with the created customer insights, there is a high risk of wasted resources, OR:

3. The act on insights dimension is relative to the other dimensions over-developed - organizations invest in e.g. customer segment managers and campaigning tools, but there is a lack of analytical resources and tools to feed the CRM organization with analysis and actionable customer insights.

Other common findings are:

Silo operations - different functions, like sales, product, customer service and marketing work in silos with regards to customer information. They have their own data gathering and own type of analysis without sharing and combining of the information. This leads to a sub-optimization of the customer intelligence competence and makes a true omni-channel customer experience basically impossible

No closing of the loop - companies tend to lack the discipline to continuously follow-up on their customer interactions and to feed the results and learnings back into the need to know dimension

Conclusion: many companies miss out on the opportunity to realize the inevitable financial potential of a well functioning Customer Intelligence process.

We suggest the following actions:

1. Evaluate the maturity of the three main Customer Intelligence dimensions
2. Set company wide ambition level for the Customer Intelligence function
3. Perform gap analysis and develop transformation plan in order to create balance in the Customer Intelligence function and move up the maturity level

One thing is for sure: companies that know how to turn the explosion of structured and unstructured, internal and external customer data into actionable insights and know how to apply and learn from these insights will be the long-term winners.



Whitepaper
Customer Intelligence process

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