



“What Business Leaders Need to Know NOW About Customer Insight”

Noteworthy



Alton Adams is the Global Managing Partner for Accenture's Customer Insight practice in the

CRM Global Service Line. Accenture and Teradata have had a strong marketing alliance since 2001. Alton has more than 20 years of experience in marketing, sales and general management. He has particular expertise in the use of information for sales, marketing and risk management decisions.

Prior to joining Accenture, Alton was president of the Database Solutions business at Experian, specializing in customer information, decision support and target marketing services. Before joining Experian, Alton held several positions in the information services industry, including executive positions with TRW, Equifax and Standard and Poors. Alton holds an MBA in Marketing & Finance from the Wharton School and a BA in Economics from Georgetown University.

An Interview with Alton Adams, Managing Partner, Customer Insight, Accenture

1. Let's set a framework for our discussion... What does “customer insight” really mean?

At Accenture, we define Customer Insight (CI) as the use of data, technology, and accumulated experience to help our customers more robustly and precisely acquire and keep the customers they really want to acquire and keep. I know that sounds like a high level description, but it actually embraces three very important concepts of CI.

First, there is the concept of precision targeting. Successful precision targeting relies on what you know about the customers who respond to your business proposition, the customers who are most loyal, and the customers who generate profits. In a nutshell: who are your most important customers?

To answer that question, you start by using data to establish a single view of the customer – including all of the relevant information about a customer or prospect, which you need to do a precise job of targeting. With a single customer view as a foundation, segmentation tells you how customers are likely to react to marketing campaigns and how much revenue they are likely to contribute.

After precisely targeting customers, an organization needs to execute its strategy for acquiring those customers, focusing on how to best maximize the return on its marketing dollars. At Accenture, we refer to that as campaign excellence, which involves optimizing the marketing campaign process from targeting customers to making the sales. This requires a 360-degree view of the targeted customers, defining specific campaigns based on that view, translating those campaigns into specific programs, and measuring the success of those campaigns. Achieving all of that requires not only the right strategy, but also the right processes and tools.

A third component of Customer Insight is loyalty management. How can the organization convert customers into long-term, loyal advocates of the company, its brand, and its services or products? The key to managing and growing that loyalty is developing specific experiences for each segment which are unique to those customers and their specific needs. Customer Insight provides the foundation for developing that experience.

2. Why do organizations need to care about Customer Insight?

For any number of reasons! Consider the largest industries in the United States: for example, telecommunications, financial services, retail, travel and entertainment. They are all different, but they also share several characteristics. One is the continuing consolidation in those industries and the heightened competition that creates. A second reason is the increased awareness of product and service choices facilitated in large part by the Internet.

You've never seen your business like this before.

When you combine the consolidation trend with more informed consumers, the result is an increased cost to attract and keep customers. This means that to continue to grow revenues, organizations must be efficient in their pursuit of customers and they must work diligently to retain key customers. Thus, Customer Insight becomes critical to sustained growth in market share and profitability.

3. What is the value of Customer Insight in the marketplace today? How much of an influence on competition and on enterprise decision-making is Customer Insight... and how much of an influence should it be?

Our research indicates that organizations that are able to deliver the most effective, branded experience to their targeted customers have a measurably higher financial performance compared to their industry peers. The organizations that are best able to do that are those that know the most about their customers and prospects.

Customer Insight today and in the future will separate high performing companies from the rest of the pack. Across the board, we increasingly see companies looking at investing significantly in Customer Insight. Some industries, such as the financial services industry, have done this for some time, so they are more advanced in their Customer Insight practices than other industries. But more industries are making Customer Insight a top investment priority because they realize the potentially significant pay off.

In the last few years, we've seen movement away from focusing on cost management to an attitude of, how do I take wallet share? Which customers do I pursue? Which do I focus on retaining? Finding the answers to those questions is at the heart of Customer Insight.

4. How does Customer Insight affect an enterprise's relationships with its customers – in terms of differentiating customers, increasing customer loyalty, or increasing wallet share?

All of the aspects you mentioned – differentiating customers, increasing customer loyalty, improving wallet share – are linked. They should not be viewed as separate goals. The ability to increase wallet share impacts the ability to increase customer loyalty. Studies on the topic show that the more products a customer buys from an organization, the more likely that

customer is to keep making purchases from the organization. Ideally, the knowledge of who is buying the most products and demonstrating the most loyalty should be a key part of an organization's acquisition strategy. Acquisition strategy grows from previous and current experiences, and feeds into making the acquisition and loyalty strategies more effective in the future. So you see, Customer Insight is in the center of a very circular process.

5. There are more ways than ever of connecting with customers – catalogs, Web sites, e-mail, presentations, call centers, just to name a few. Does Customer Insight help an enterprise know how to best tailor channels for optimal communication and feedback for particular segments of customers?

Yes! When we do analysis of customer behavior, we look at what channels are most likely to be most effective in marketing to and servicing that customer? We've found that some customers want to work on the Internet, for example, whereas others will walk away at the thought of being supported through the Web. Customer Insight helps organizations define the optimal experience for the customer, both in terms of how the customer wants to approach the company, and how the customer prefers to be approached.

6. What kind of research is Accenture doing that supports the need for Customer Insight? What does this research show?

We just finished a major research project focused on high performance marketing and customer management in which we interviewed hundreds of organizations to find out what they felt were the most important factors in defining high performance marketing and customer management capabilities. We took that research and then measured how well those organizations have performed. That analysis enabled us to determine what distinguishes high-performance companies from others, based on their marketing acumen. The overarching theme we found is that high performing organizations can clearly articulate their brand proposition and translate that stated proposition into a compelling “branded customer experience.” An organization's ability to articulate and deliver that experience relies on clear Customer Insight.

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7. What is the value of data warehousing in driving customer-related applications?

It all starts with data – and an organization's ability to analyze its customer data to develop an in-depth understanding of prospects and customers, which in turn leads to the ability to formulate and execute marketing strategies that deliver results. An integrated view of the customer means understanding behavioral information – what customers buy, and when, how often; and demographic information – gender, income level, and so forth. Combining behavioral, demographic, and value information – which customers generate the most profitability – leads to the single, 360-degree view of the customer that is key to making well-informed decisions.

To get that view, an organization needs, firstly, a data processing platform that allows it to quickly integrate data from various sources; secondly, a data warehousing structure that enables the organization to store the data and access it in a way that facilitates analysis and decision making; and, thirdly, applications that enable the organization to execute campaign programs. A strong capability in data warehousing is a necessary and key component in being successful in Customer Insight.

8. What are your thoughts on the future of Customer Insight, in terms of its role in helping enterprises grow their businesses and meet their goals? Will the importance of Customer Insight stabilize in the next 3-5 years, or continue to grow? How can enterprises best prepare, now, for meeting the challenge of Customer Insight into the future?

I think that organizations' sophistication in Customer Insight will continue to evolve, with a greater focus on customer segments, even microsegments. Technology will also allow more personalization in the future. With advertising to cell phones, we're seeing the start of that personalization. I believe we'll also see a continued focus on speed. The marketing cycles that are now three months will happen in three-to-four days. And consumers will continue to expect companies to meet, anticipate and exceed their needs, making Customer Insight an essential best practice for high performing businesses.

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