

A man with curly hair is shown in a close-up, drinking from a white cup. He is wearing a blue jacket over a plaid shirt. In the lower part of the image, he is holding a tablet computer. The background is blurred, suggesting an outdoor setting with trees.

The Consumer is Always Right

How Big Data Can Transform the Digital Experience



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The challenges are clear – over 50 percent of organisations are using seven or more channels to reach their customers.¹

Pleasing the New Breed of Consumer

There is a new breed of consumer emerging today. This consumer is technologically savvy, and chooses the channel most convenient to themselves to interact with businesses. That could be the web, mobile, mobile apps, phone, or social media. This is the “always on – always connected” consumer.

This consumer expects the best experience whenever they interact with a business, no matter which channel they choose to communicate on. Acquiring this customer and nurturing them through to final purchase is the challenge facing many businesses today.

In this new world order, data holds the key to long term profitability. Businesses that use data that they have on individual consumers, to create targeted marketing campaigns and offers, and curate and offer the right products and services, at the right time, will be the ones most likely to succeed.

The Rise of Multi-Structured Data

Traditionally, it would have been enough for Customer Relationship Management (CRM) teams to use demographic and transactional history to segment customers, calculate their life time value,

loyalty, and propensity to respond to targeted marketing campaigns.

Today, it is more complex. The consumer chooses where, when and how they wish to interact with a brand whether that is through social channels, web sites, mobile or email.

Capturing every interaction with every consumer means collating vast quantities of data for the business. Moreover, the data from these channels are diverse in nature, and also differently structured from traditional sources of data. These multi-structured data sets from social channels, web sites, mobile, free form text fields or email can be difficult to capture using traditional data stores.

However, if businesses are able to harness this data, it can provide valuable insights into which channels drive traffic and conversion. And, if businesses are able to connect the large amounts of online data with traditional offline data, and rapidly analyse those sources of data, they will be able to gain cross-channel insights about customers. By collating and integrating these data, businesses can build a complete 360° view of the individual customer.

For instance, a business that is able to track how a consumer arrived at their web site will understand which channels drive traffic and conversion. A business listening on social media can pick up on a consumer posting about their brand on Facebook, and display relevant advertisements or send timely offers to them by email. A business that analyses the voice calls or free form note fields filled in by customer service agents when a consumer call can quickly identify disgruntled, high value customers, and reduce churn. It could also shape the design for future products or services.

A New Era of Analytics

The rise in the volume and sources of multi-structured data also pose new challenges to the business. Getting insight from these data sources calls requires a move away from traditional analytics and web reporting. Web analytics and other traditional analytics are not geared to inform individual actions like personalisation nor can they cope with multi-structured data sources.

Today's analytics provide deeper and more valuable insights to enable businesses to better understand

Traditional Analytics



Statistical Analysis
High-Performance Processing of
Common Statistical Calculations



Marketing Analytics
Analyze Customer Interactions to
Optimize Marketing Decisions



Segmentation
Discover Natural Grouping of Data
Points



Data Transformation
Transform Data for More Advanced
Analysis

New Types of Analytics



Path Analysis
Discover Patterns in Data Leading to
a User Defined Outcome



Text Analysis
Uncover Patterns in Text and Use to
Spot Opportunities or Problems



Graph Analysis
Understand the Structure and Nature
of Relationships Between People,
Processes and Other Entities



SQL-MR Visualization
Make the Results of Analysis Highly
Visual to Aid Rapid Understanding by
Business Users

the need of the individual consumer. Today's analytics are also not about finding the right answer to pre-determined questions, but rather about discovering the right questions to ask. The ability to perform new kinds of analytics, like path and pattern, enable data discovery.

The key to success with this discovery approach, is to enable the business to rapidly explore and iterate to discover the right questions to ask, reduce the noise, and identify the signal or golden nuggets of insights.

In reality, a gulf exists between consumer expectations and the service that businesses are able to deliver.

In this new model, businesses need to learn, test, act quickly or move on – a very agile fail fast mentality.

To date, few organisations have yet to extend their use of analytics beyond web analytics into areas such as journey mapping, golden pathing and affinity analysis. A studyⁱⁱ found that this is due, in the main, to a lack of analytics expertise within the business (37%). 47% also cite a lack of time and structural issues with data.

Consumer Expectations vs Reality

A recent studyⁱⁱⁱ found that 66% of consumers want businesses to ‘know my history when I call’. Moreover, 68% of them want businesses to recognise them and their history when they contact the business.

Consumers are leading the push for a “single customer view” - for businesses to recognise the individual, and to acknowledge that they know how the individual is interacting with various touchpoints of the business, and react accordingly.

The results from a recent survey^{iv} of businesses found that currently only 21% of businesses have a “single customer view”. In the next two years, a further 36% of businesses hope to be able to achieve the “single customer view”.

Another expectation of the “always on – always connected” consumer is personalisation. 86%^v of consumers would like to receive personal offers from businesses by email or direct mail.

Today businesses are primarily only able to offer email personalisation, through historical or profile data. Drawing from a recent survey^{vi}, 80% of respondents felt that personalisation is a very important or critical part of their digital marketing efforts for the next two years. 78% of those surveyed^{vii} predicted that they would be making use of data in real-time to personalise web sites and mobile offerings by 2016. Emerging positioning and location technology, such as, iBeacon, would allow businesses to transmit offers or product information to consumer mobiles based on their proximity to a store. However, only a small proportion of respondents (8%) reported that they planned to personalise offers based on location data.

Trying to build the essential 360 degree customer view without timely individual-level digital customer data is impossible. Currently, organisations are struggling because they are still relying on aggregated data^{viii} (see Figure 1 below).

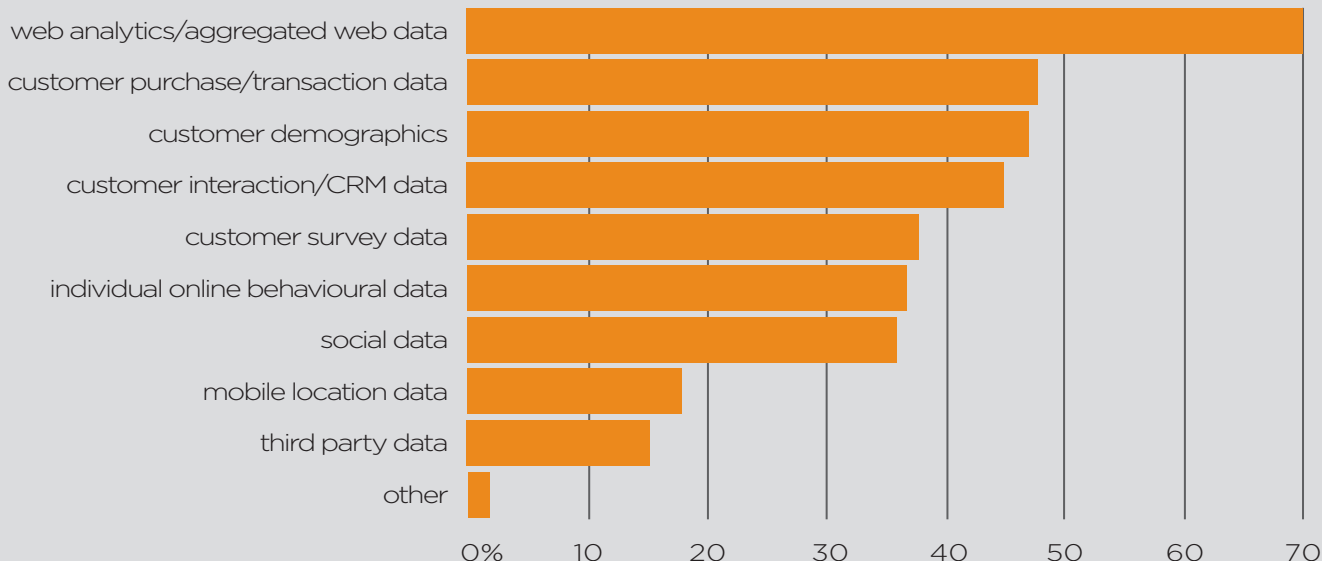


Figure 1: What kind of customer data do you collect?

The digital age has given consumers more power than ever before. To compete, businesses have to improve the customer experience, or the sum total of all the interactions between a person and the brand. With consumer interactions spread among many brands, properties and communication challenges, as well as devices, languages and operating systems – that can be a challenge for businesses. Capturing and analysing data from all these interactions is why 60% of respondents in eConsultancy's 2014 survey^{ix} listed data integration either as a 'top' or 'highest' priority. The priority for integration is a reflection that businesses want to move towards having a single customer view, the fundamental basis for understanding the customer.

The Sweet Spot: How the 3 E's Can Benefit from Data

Despite the difficult challenge facing businesses competing for mindshare and the purchasing power of the consumer, there are organisations who are already leading the charge in getting value from their data. This section showcases real-world examples of Teradata's customers, who are using data and analysis to bring positive change to the three areas crucial for businesses to address - consumer engagement and experience and business efficiency (the three E's).

Transforming Customer Engagement

The modern consumer wants to be treated as an individual. On a basic level, that means tailoring marketing and offers personalised to the consumer. Businesses should look out for repeat browsing of a particular item, but not buying; abandoning a basket; purchasing and then browsing a new category; to send individually personalised emails and offers. Customers of Teradata who have adopted these methods have reported a return on investment of between 25% to 200%.

However, consumers are demanding more than just personalised emails. Businesses can go a step further by personalising the web browsing experience using in-session behaviour (such as search), previous onsite behaviour and other information held about that consumer. This ability to interact in real time is a powerful tool for engaging not just with customer that you know, but also with anonymous visitors. Real time decisioning and individual level data are key to

Transforming Customer Engagement Today

Case Study # 1

A large U.K. remote retailer has been able to remove significant paper volumes and switching to online engagement with individual customers. By optimising its paper strategy, this retailer has managed to significantly lower costs.

Case Study # 2

A well-known U.S. retailer has built loyalty amongst the Millennials within their customer base by encouraging app downloads that deliver highly targeted messages to their mobile phones.

Case Study # 3

An online gambling company is using location to target event audiences and improve conversion with live betting offers.

Case Study # 4

A U.S. retailer has matched up certain product groups to the consumers that buy specific product clusters. They have also been able to match non-buying visitors to known clusters and promote the products that they are likely to purchase. This is done with the help of product affinity analysis, which helps to identify products that are commonly browsed and bought together. This retailer has increased sales through effective product recommendations on site, through email, and also in store layouts.

determining the most appropriated content for any given scenario.

With the use of mobiles as the ultimate shopping companion growing, there is an opportunity for businesses to use push notifications to drive footfall and in-store sales. Businesses can send targeted offers based on location data for instance, using iBeacon technology, to mobiles.

Improving Customer Experience

Case Study # 5

An electric retailer wanted to provide a seamless online experience to their consumers. This meant analysing how easy it was to find relevant products, read reviews, check out, and make payments, regardless of the device used to access the website. Path analysis provided them with a powerful tool to understand the paths consumers took through their website and identified key events leading to purchase, basket, and site abandonment. Armed with this insight, this electrical retailer was able to determine that the top path to purchase for certain categories was via a retained basket. Further analytical discovery showed that lack of product detail and pricing were leading to customers creating baskets but not purchasing. By addressing these issues, this retailer managed to reduce the number of basket abandonments, increase purchases, and significantly increase sales.

Improving Customer Experience

Consumers are looking for a seamless digital experience. For them, it is all about ease of achieving goals like finding relevant product, reading reviews, checking out, making payments, regardless of device. Businesses can adopt path analysis to make sense of these interactions. Path analysis provides an understanding of the paths that people take through a website, and identifies the events leading to purchase, or to basket and site abandonment. This helps businesses visualise consumers' multi-channel journeys and gain

key insights that inform on usability, customer, and promotional strategies.

For instance, a business investigating why consumers are putting items into their shopping basket but not checking out can use path analysis to identify bottlenecks, repeated steps and inefficiencies in their web site. With these insights, the business can re-engineer processes to significantly improve customer experiences and allow the business to compete for and retain customers.

How Teradata Customers are Improving Business Efficiency

Case Study # 6

One retailer has used marketing attribution to better understand the value of consumer interactions over time. This has allowed the business to optimise paid search bidding and affiliate payments, and making a saving of 30% on their marketing budget. Using the same data and analytics, a European insurer has achieved a 10% reduction in advertising spend and a 5% increase in overall conversion.

Case Study # 7

An online business applied marketing attribution analysis to web interaction data to uncover multiple accounts being accessed from the same IP address. This led to millions in savings as fraudulent orders were prevented.

Case Study # 8

One European insurer found that consumers would request for insurance quotes online but then abandon the quote. Out of the consumers who abandoned their quotes online, only 30% would telephone the insurer's call centre to buy. By using web interaction data, this insurer now passes the contact details for consumers who have abandoned their quotes online to branches and call advisors for follow up. This has helped the business achieve up to a 40% conversion rate, and significant incremental sales.



The DMA notes that marketers “need the right kind of data that’s shaped in a useable structure”

Improving Business Efficiency

The ability to look at customer journeys (rather than first or last click) and understand the importance of every interaction leading to the final purchase can provide insights that can help businesses to make better marketing decisions, improve processes and generate more revenue. Marketing attribution is just one of the analytical tools available today which can help businesses be more efficient and productive.

For instance, insurers are using marketing attribution analysis to understand the risks associated with their individual customers. By analysing telematics data from cars, which demonstrates how a customer chooses to drive, alongside pricing and vehicle type, insurers can better segment their customers based on risk. This enables the insurer to price their policies and offers accordingly.

What Would You Do if You Knew?

The numerous case studies in this paper demonstrate how data can and is fuelling decisions taken by businesses to transform customer engagement, improve customer experience and business efficiency. These are businesses that have already taken the first step in their journey to win over the “always on – always connected” customer.

For businesses that wish to emulate the success achieved in these examples, it is worth keeping in mind some advice from the Direct Marketing Association (DMA). The DMA notes that marketers “need the right kind of data that’s shaped in a useable structure. In fact, small quantities of analysable data could yield more valuable insights than large quantities of loosely structured data.”^x

Businesses should not allow themselves to get caught up in the mundane – neither the volume nor the multi-structured sources of data matter. Technology exists to address those issues. And while there are a multitude of new analytical tools available today, technology also exists that allow business users to question the data and get answers quickly, and in a repeatable manner.



What really matters for the business is how to use the insights that gained from data to bring about positive change. What would you do if you knew?

Endnotes

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- ii The Digital Marketing Insights Report 2014, MyCustomer.com, on behalf of Teradata and Celebris Technologies, 2014
- iii Delivering Value in the Data Exchange, eConsultancy and Acxiom, Nov 2014
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- ix Enterprise Prioritise in Digital Marketing, eConsultancy and Teradata, Sep 2014
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