

10 Steps to define your Customer Relationship requirements

An Experian White Paper



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Introduction

Customer Relationships

Since the marketing paradigm shift from mass marketing to customer relationship marketing in the late 1990s there have been many developments in technology, applications and customer behaviours. Numerous suppliers of CRM systems have evolved, providing a vast array of applications from simple to complex enterprise wide applications. The choice can be daunting for a business. This is further complicated by the growth in data, increasing complexity in customer contact channels and ever changing technologies. How do you know what is right for your business?

This paper walks through some fundamental questions that your business needs to address before it embarks on a journey to invest in any form of customer management capabilities. By looking at each area, your business should be able to draw up a set of requirements tied back to business metrics; that way a robust business case and plan can be implemented.

But before we set out these steps, you need to begin with an understanding that any form of customer relationship investment requires a unification of data, analytics, people and processes. It is not just a technology decision. It is a change in customer management techniques that are in part enabled by technology. Too often businesses think that technology can replace and mend deficiencies in human processes; whilst it can address them, it can't do it in isolation. Buying in to these capabilities is also not just for executives, it requires all employees to be provided with the context, support and understanding needed to fulfil their roles properly.

So here are the questions that your business should ask itself to define its business requirements and metrics for success.

Step 1 – Define your Customer Relationship goals and plans

The basis of a strong set of requirements is a well considered business plan and strategy. The customer and the relationship – or engagement – that you wish to build with them needs to sit at the heart of this plan.

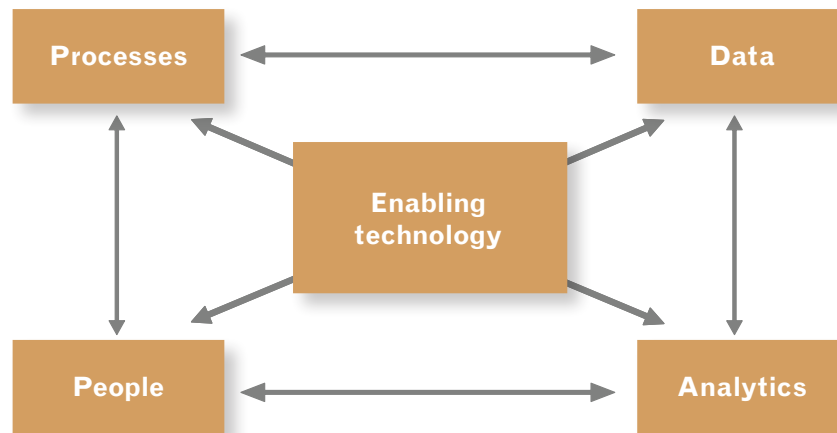


Figure 1. Successful CRM requires clear, coordinated alignment

A good place to start is to explore the current situation and gather opinions from around the business; be sure to include marketing, customer services and IT in the process. Carry out a SWOT analysis and back this up with firm evidence of where and why processes either breakdown completely, are not efficient, or too costly. Prioritising those issues which are of greatest threat to the business going forward will help focus you on where to start.

Then define a vision and set of customer experiences as your goal in response to the analysis of the current situation. Assuming you have been able to measure current business performance, use this to set some goals for corrective action (e.g. reducing cost per acquisition by x, increasing average product holdings by y etc).

Next work through the remaining steps to see what is required to deliver this plan.

Step 2 – Which channels are important?

Few, if any, brands today will be working in limited channels – though they may be working in an uncoordinated manner. The question is the degree to which you need integrated capabilities across multiple channels?

Today's empowered consumer typically embraces both digital and traditional channels. So how important is it for you to have customer information shared across channels? How important is it that all of this data is required at an individual level to deliver a consistent and relevant experience?

Use market research where possible to understand the types of channels customers use and whether the patterns of usage vary across different customer groups. This will help you understand the significance of connecting up channels operationally.

Define which data is critical for success and where you will source it from. Start with your more traditional, transactional and operational data and use this as a basis of the database requirements.

Step 3– Data

A data strategy is a critical success factor for a business, especially when considering investment in customer relationship management. Businesses often do not have a data strategy that identifies the key assets held in the business and where they believe there are gaps or inaccuracies, how and whether these issues can be addressed internally, and the role that external information can play.

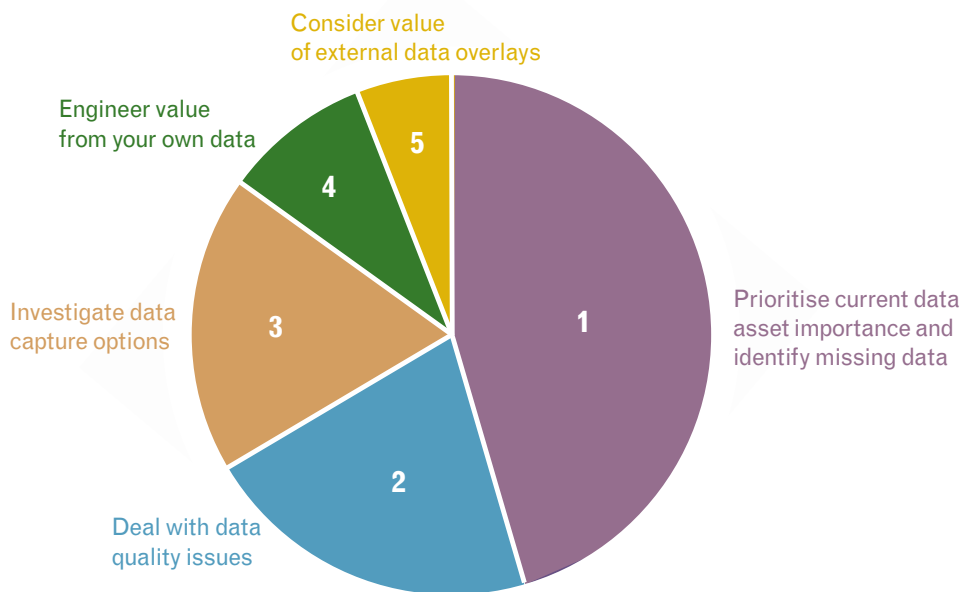


Figure 2. Key steps and proportion of focus required in data planning/strategy.

Data strategy

Start by checking out what data is held in your data warehouse and identify the most important information you have access to and which key data are absent. Since data warehouses often try to harmonise data assets from data silos across the business, it is likely that data may exist at source and has the potential to be accessed, so check out source systems.

Evaluate out data quality too. How well is your data populated? Is it cluttered with erroneous values? What about the less obvious places you could consider for capturing useful information about your customers? Whilst many of your customers' interactions with you are likely to be reasonably well structured within your own operational systems, the likelihood is that they are interacting in other ways through digital channels which can leave valuable traces of less structured information.

Recent innovations in 'listening' technology can capture and translate browsing behaviour into more structured data, directly in real time from your web site. This would provide you with valuable intelligence across all stages of the customer life cycle, in particular filling a gap in the information available to you at the very early stages of engagement with customers (i.e. pre-purchase).

Your data strategy needs to consider combining the efforts of your IT functions in assembling and managing internal data assets with the possibilities of new data gathering technologies focussed upon digital channels to provide valuable overlays.

So establish collaborative working relationships with IT to pull together your requirements and build a business case for projects to acquire key data and cleanse existing data where required.

Finally, most of the data that you will be focussed upon relates to the customer's relationship with you. This can be usefully summarised to understand how engaged the customer is at any point in time by establishing how often they visit your website, when they last bought from you, how frequently they buy, and what their average purchase value is.

Remember though that overlaying existing data with external market data can also help you to understand more about how well you are leveraging a customer relationship based upon a customer's circumstance (e.g. their income, age, geo-demographic segment etc). This is a key component of understanding the potential future value of a relationship and the headroom you have to improve the current position.

Email marketing data

Email metrics are often held within email service provider databases or in-house operational databases focused on delivering and managing email campaigns. Is that sufficient for your business or do you need to integrate that data back in with more traditional transactional data? Is it important for you to know who opened, clicked as well as bought to show different levels of engagement – or indeed what they do and don't engage with? If so, set out your data requirements and frequency of refreshes.

Web behavioural data

How critical is web behavioural data to your business and how do you need to manage this in the context of relationship management, as opposed to behavioural and content management on a website? If it is important, how will you match this data back to other customer data? How do you wish to aggregate the masses of web data into key metrics and variables that would drive a differentiated customer relationship strategy? Define these needs against defined customer contact plans; if you can't then leave this with the web analytics team for now but ensure that if future business needs change that this can still be accommodated.

Social Media

The majority of businesses today are using some form of social media (blogs, forums, Twitter and Facebook) although most are only dipping their toes in. How important is this media to your brand? How advanced are you today and where do you realistically see yourselves in the next 3-5 years?

Most developments are likely to be in listening and tracking. The challenge for a business is being able to understand the mindset of the consumer that is expressing opinions and making purchasing decisions on products. So what listening and data capture do you need and how, if at all, do you need to try and tie this back to your other customer data records (when often you won't know who is talking about your brand)? If the intelligence that this more unstructured data provides is critical to success it will require a new approach to data gathering and management.

Structured data originating from within the business, lends itself to being consolidated within a single customer view as much of this data is likely to have contact details such as name and address and telephone number. The challenge is how to combine this with unstructured data which cannot be keyed using conventional name and address processing. Do you have keys or data fields that could form links to your structured data; if so how will you define and create aggregated data from social media into a structured format? If this is not required, separate social media tracking projects can be specified and managed – just so long as the output to action is coordinated in a customer contact and management plan.

Step 4 – Frequency and recency of data updates

Many things now move at pace; for instance the time taken to research and compare prices is now measured in just a few minutes, many consumers can now routinely gather important information quickly that empowers them to make choices for a very broad range of products, even if they ultimately decide to purchase these items on the high street. Web metrics and behavioural data are in real time. How critical is that data to your customer relationship needs; how best do you manage that data? Is it through a centralised system or can smaller stand alone systems and processes work as effectively so long as the plans that drive them are consistent? Do you need data in real time or would more frequent batch processes drive almost as much value, and cost less?

Consideration needs to be given to how technology can be used to blend new data capture technologies with traditional ETL (Extract, Transform, Load) tools.

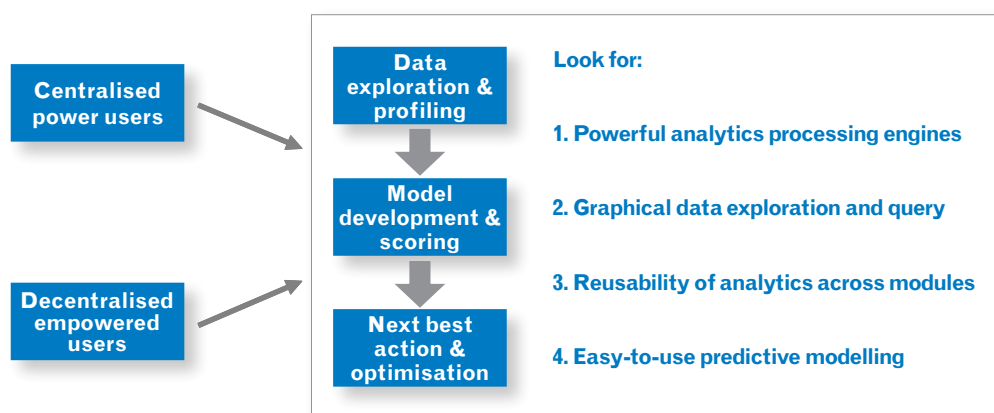
Step 5 – What analytics resources?

The role of analytics is to turn data into intelligence; raw data on its own doesn't tell the full story. In the Experian paper 'Analytical Insight: Bringing Science to the Art of Marketing', Marie Myles talks about the risks of relying upon IT resources and the importance of taking the initiative by adopting a self-service approach:

"You could, of course, rely on experts from IT or dedicated analysts to slice and dice customer data for you but their resources are not boundless and IT bottlenecks may mean you miss valuable opportunities or key deadlines.

The answer lies in marketing analytics that support a self-service approach to extracting insight. Preconfigured functionality can now empower you as a marketer, rather than an IT specialist, to undertake a point-and-click exploration of your data for yourself.

You can perform highly sophisticated analysis without having to master complex algorithms or build numerical models. You can easily share your findings without having to write reports from scratch by using pre-defined reporting templates and dashboards built on best practice. These tools turn your dry, dusty numbers into a vivid narrative that points to a clear course of action– what's known as actionable insight."



Essentially many of the barriers you may have experienced resulting in historic analytics bottlenecks can be avoided if the right technology solution is adopted. It is now no longer essential that you have an army of highly expert, statistically orientated analysts to support this function. Highly productive, easy to use technology solutions are available opening up analytics to non-specialists too.

The new breed of analytical platforms enables you to empower campaign planners and even branch managers to fill in simple pre-configured questionnaire style forms without resource to other teams. These produce almost instant analytics and once completed, can be submitted to centralised teams to drive campaigns on their behalf.

Technology improvement has also led to improvements in more sophisticated applications. Predictive modelling historically applied during a batch process (e.g. at data refresh), is now a process that can also be applied to your customers' real time interactions. Also more sophisticated optimisation applications are emerging to meet the demands of real time applications which could identify the best next action you need to take in managing a particular customer relationship.

Step 6 – Managing customer contacts and interactions

Businesses need to think carefully about how they plan to manage customer relationships in the future given the heightened expectations of consumers who wish to be recognised as individuals and treated consistently across all touch points.

So how does that affect your requirements? How complex and targeted are your customer contact plans; how much content, how many channels and how much test and learn do you expect to run? What role do trigger campaigns play and what data and analytics are required to support these? Are wave campaigns a key part of your plan? How do you expect decisions made within the system to be deployed back in social media activities and your website?

Again technology can come to your rescue. Some campaign management platforms are more 'conversational aware' than others, often described as dialogue management or engagement management tools as they now fully embrace multi-channel and multi-wave. Importantly some will enable you to combine dialogues either initiated by your customers ('pull') or by your marketing team ('push').

Advanced engagement management tools now provide capabilities to integrate with your content management solutions too. This would enable you to render your content consistently across your channels and your customer's devices.

Content management providers are also providing integration into the social media space too (e.g. Facebook and Twitter) ensuring that the consistency of content deployment really does extend to all channels.

Step 7 – Reporting and Evaluation

In all likelihood many people in your business will be attaching a great deal of significance to future CRM initiatives and may even describe them as 'mission critical'. In many businesses this is reflected by the thirst for performance metrics well beyond the confines of your marketing department.

So define your feedback loops from campaign metrics to ensure the right data feeds on results and actions are also being fed into the process. What type of reports do you require; what are your KPIs and metrics? How detailed do they need to be, how can people drill down into the results and indeed who do you wish to access these results and why?

The trend is for businesses to place less reliance on spreadsheet based approaches and separate platforms underpinned by online analytical processing, as experience has proved this can be both time consuming and resource hungry to manage. So you should consider the benefit of a more integrated approach which could link directly to your CRM database allowing users to self-serve themselves.

Your IT department is likely to benefit too as less resource would be required to manage one single platform rather than several. Intelligent dashboards can access the single data repository to provide highly graphical interactive reporting accessed via a browser.

This approach now caters for the new but growing group of information consumers in organisations who wish to consume highly visual, easy to interpret reports. They may wish to be able to drill down further into data at the click of a button, but not necessarily wish to create reports from scratch.

Step 8 - Technology

On premise vs. hosted

One of the fundamental decisions that you will need to consider is whether to opt for a traditional on-premise packaged solution or consider outsourcing the management of the solution to a suitable vendor.

The decision is often not straightforward and can depend upon many issues ranging from views on data security to internal resourcing, and whether skill sets exist internally to manage such solutions.

As the complexity of solutions can grow as requirements become more sophisticated, some businesses may feel more comfortable initially in outsourcing such solutions. However others may feel the overriding consideration is protecting data assets behind their firewall. In such cases, companies need to be careful in selecting vendors who will provide 'safe handling' of their prized data assets. However, one consideration which is often overlooked is whether businesses are likely to need the flexibility at some stage in the future to migrate the solution from a hosted to on-premise model or vice versa. As businesses acquire knowledge and new skills (e.g. in digital marketing) they may wish to take more control of these processes.

Ideally businesses should seek out vendors with experience of both hosting and on-premise deployments.

Marketing Suite or 'niche' tools

In the relatively recent past IT departments in most mid and upper tier businesses often felt they had the capability to take tools from a number of different suppliers and combine them together effectively.

Such an approach is becoming more challenging as businesses seek to blend in data from digital channels. Not surprisingly both the chance of successful implementation and time to implement can be impacted given the greater complexity of handling different types of data more quickly and moving data across platforms.

So how complex is your project, how skilled are your existing IT teams, and what priority does CRM have in the overall remit of IT? Single supplier relationships are often favoured where data management, data enrichment, and integrated CRM applications can all be sourced from a single vendor.

Technology platforms

No one wants yesterday's technology so make sure you have evaluated the latest technology and look for this in your suppliers. Watch out for 'vapour ware' though and ensure that your requirements ask for case studies as well and thorough demonstrations. Ask for product development roadmaps.

Check that this technology fits with your IT strategy and can be integrated with back office systems. Define how the interface will work and that usability is suitable for your business' users.

Step 9 - Solution Support

Effective support from solution providers should provide the lubrication to ensure smooth running and investment returns meeting expectations. What are your expectations and needs both pre- and post-implementation?

Set out your needs for fine tuning post-implementation, as the use of the solution evolves to accommodate new requirements such as additional data feeds, the development of models, or the creation of new campaign templates.

Think about the challenges ahead and the skill sets you will need from your chosen vendor. Do they have the necessary experience to join up, enrich, and manage the dialogue that you wish to have with your customers?

Look for companies that combine strengths in business consulting, technical implementation, professional services, and account management.

Step 10 – People and processes

Finally, consider the implications of introducing a customer management system to your business and the impact this will have on the people and the processes they are responsible for.

Identify teams which will be impacted from introducing the new technology and start to engage with them at an early stage to get their buy in. One of the main reasons why CRM projects fail to realise their potential is lack of engagement in the early stages of the project.

Asking for their involvement is less likely to be confrontational than announcing significant changes further down the line.

Identify key players in your organisation who can help support the project and are influential with senior executives. Communicate regularly with key stakeholders providing regular reminders of the expected benefits of the project to keep the momentum up. (For further reading on engaging stakeholders, please refer to the Experian white paper - People: the key to a successful data strategy?)

As you refine your view of requirements for data, analytics, and platform technology, sit down with teams and work through the key processes which the solution will need to support, identifying significant changes to current practice. Identify individuals and any additional training that they will require to support or use the solution, e.g. data or platform specific.

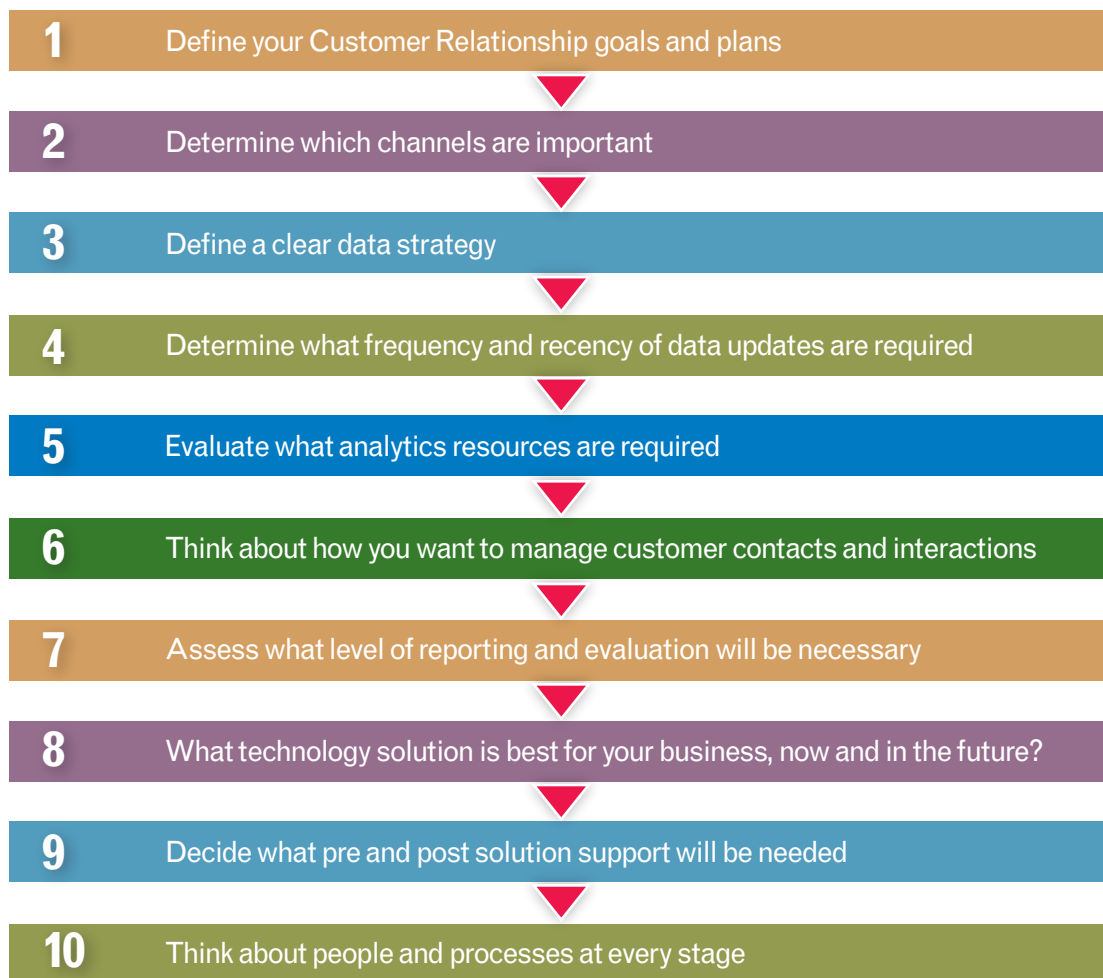
In summary

The proliferation of customer management technologies which have emerged over the last 10 years has made it increasingly difficult for companies to make informed choices as to the direction they should take. This is made even more difficult by the challenges of dealing with larger and more complex data streams, and the informed dialogue consumers now expect across channels with companies.

Businesses who wish to invest in customer management technology should ensure they have asked themselves all the right questions before embarking on this journey.

Fundamentally, this journey needs to consider how to bring together data assets, analytics, people and processes whilst technology needs to be understood as being the enabler rather than the end in itself.

Follow these key steps and your business will be well placed to drive successful customer relationships:



About the author

Phil Mountain is Head of Professional Services within Experian's Marketing Information Services division. This involves coordinating the relationship with technology providers and Experian development resources to support multi-channel platform led initiatives to clients.

He also acts as principal consultant for UK platform led pre-sales activity to assist clients in defining their business requirements and as such has extensive experience of directing solutions for a wide range of clients across sectors such as finance, retail and media, many of whom have radically different requirements.

Over the years, Phil also has acquired extensive experience in customer analysis, segmentation and modelling, having worked in a number of senior roles including client services, sales, and project management.

About iMarketer

Experian iMarketer is a high performance, multi-channel analytics, reporting, modelling and campaign management database solution. A wealth of customer, account, transactional and product data can be integrated in one single database with the option of overlaying Experian's extensive range of enrichment and prospecting data.

Extremely flexible, Experian iMarketer can be hosted either in-house or externally, and is easily configurable to any internal systems architecture. Experian offers a complete range of consultancy services to take you from business case, through implementation to tangible ROI.

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Experian is the leading global information services company, providing data and analytical tools to clients in more than 90 countries. The company helps businesses to manage credit risk, prevent fraud, target marketing offers and automate decision-making.

Combining its unique information tools and deep understanding of individuals, markets and economies, Experian partners with organisations around the world to establish and strengthen customer relationships and provide their businesses with competitive advantage.

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