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BIG DATA ANALYTICS

The 360 Degree View of a Customer

Robert Plant, Associate Professor, School of Business Administration, University of Miami
11/27/2013
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Customers have been historically viewed through several lenses. One is a "process" lens, which reflects their linear relationship with a firm. This relationship can be broken down into the sub stages underlying of the customer-firm relationship: customer acquisition; customer product selection choices; the sales transaction processes; and the customer retention relationship.

Firms have used this approach for decades and built up customer profiles along these dimensions. Traditional CRMs are based upon this approach and allow firms to aggregate the data together, thus building up a better pipeline for customer capture and revenue generation. A second adjacent lens is based on behavioral marketing, in which firms try to understand their customer's individual behaviors and respond to them in a personalized way through automated means.

The rise of the Micromarket
This approach enables firms to move from targeting "audiences" or "segments" to what McKinsey's Manish Goyal, Maryanne Hancock, and Homayoun Hatami term Micromarkets.

The advent of big data has, however, enabled a third view to be developed: the "360 degree view" of the customer. In this approach, the customer is viewed not only through their transactional data, but through their relationship with every functional aspect of the company they are dealing with, and then, by extension, their network of connections. For example, does the customer have children? Are they married? Are they living at home? If so, who with? By examining these types of interactions, a greater clarity around the purchasing decision and the relationship with the firm can be made.

This is very useful for CMOs. For example, if the individual is a customer of a phone company, the phone company can link the primary customer's data to their network of friends and relatives. This allows them to examine if the members of the family network also have a phone with the company; if so, do they pay on time? What is their aggregated credit score as a group? Do they call each other or prefer text? If so, how often?

This can be extended to see how often the members of the group connect with the firm and how they do it. For example, do they pay by auto-pay? Or, after a failed attempt to pay via a website, do they call to make a payment through a call center? This gives not only valuable information on the customer, but can also point to weaknesses in the firm's own systems, allowing them to work on closing any design gaps inherent in the technology customers have to interact with.

Netflix: a 360 degree view on your life
A company such as Netflix uses a 360 type approach to understand their customers' viewing habits. For example, they know not only what they watch, what type of movie they prefer, how often, and what time they watch, but behavioral traits such as if customers watch the credits or pause during the movie (and if so, how many times they pause the movie). They also know how many people are on the account, and what they watch alone or together. Netflix can even figure out when customers go to bed.

Companies such as Netflix can go beyond their own internal data set and capture data from external data sets curated from their customer's use of entities such as social media. For example, if a customer were to "like" a movie on Facebook, this data could be valuable to confirm predictive models of viewing preferences within the firm. If a customer then also Tweeted about it, it could act as a double confirmation if they usually tweeted movie preferences when they rated a movie with five stars on Netflix's internal system. Beyond this, if the customer's friends also "like" a movie, the viewing times for the movie could also be examined to see if a network effect was occurring and who was the catalyst.

CMOs have the opportunity through big data and analytics to use these techniques to capture not only informational leads from transactional internal data sources, but real time external data and data from customer networks to build a truer picture -- a 360-degree picture -- of their customers. This

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perspective, if used wisely, will enable a richer experience for the customer and a more profitable experience for the firm and its shareholders; a true win-win outcome for all parties.

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MDMConsult, User Rank: Exabyte Executive
12/24/2013 | 6:36:19 PM

Re: Personalization is the goal
Big banks are especially known to keep customers unhappy. Personalization challenges to interact with customers through social media like twitter or forums and hobbled by regulations can slow response times.

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technetronic, User Rank: Blogger
12/13/2013 | 12:53:05 AM

Re: Forging Relationships
The reason why that Bacon number is shrinking is because of technology. Apps and software solutions are intermediaries.

Eventually computers and companies will be recommending exactly the people, goods, and services we need. I can't wait to be out of a job! (I'm in tech sales)

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Saul Sherry, User Rank: Blogger
12/4/2013 | 7:01:35 AM

Re: Micro Segmentation
@AlphaEdge - whereever you have an audience of a certain size, it can be segmented. Even an audience of two could be marketed to specifically on their needs. So any one really could take advantage, whether you are selling ice skating tickets or plumbing services...

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WaqasAltaf, User Rank: Exabyte Executive
11/30/2013 | 9:44:33 PM

Re: One for you, One for me
kiran

"I think we all like some sort of discount and financial reimbursements. In return if all they are looking forward is for some data like demographics and trends of shoppings and items you bought then you can let them have it. I don't think there is much they can do with it. "

I am also in agreement with what you believe. However, the basic condition is that I get a return on it. Under the table data transfer by firms to firms would mean that I don't get the benefit of my data being used.

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WaqasAltaf, User Rank: Exabyte Executive
11/30/2013 | 9:35:57 PM

Re: One for you, One for me
Yes kiran. These messages are a clear indicator that our data is at stake and firms do trade in this. The unfortunate point is that you can't track back as to who has sold this data as there can be many organizations that might have sold the data.

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AlphaEdge, User Rank: Exabyte Executive
11/30/2013 | 9:15:43 PM

Re: Micro Segmentation
Can you give more examples on this?

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Pradeepta Mishra, User Rank: Exabyte Executive
11/30/2013 | 2:46:12 PM

Re: Micro Segmentation
@Salik, yes it can be applied to other sectors as well. It is not limited to one sector only.

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Pradeepta Mishra, User Rank: Exabyte Executive
11/30/2013 | 2:43:56 PM

Re: Micro Segmentation
@Saul, Micro segmentation is a more efficient method of customer targeting for running campaigns, recommending products. Yes, this can be extended to Healthcare and manufacturing sector as well.
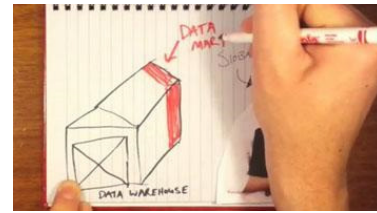
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Pubudu, User Rank: Exabyte Executive
11/30/2013 | 11:33:36 AM

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Re: Forging Relationships
Exactly these are the future of the business, if the company can analyze these data and identify the need gaps and cater them in an innovative way will open up the better future for the company.

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WaqasAltaf, User Rank: Exabyte Executive
11/30/2013 | 11:33:13 AM

BDR

Re: One for you, One for me
Technetronic, if you ask a female about her age, many won't be comfortable sharing this basic data. That's an example of women being less comfortable in sharing their data than men. Also, many women like to be private as per their nature unlike men so I guess it is the basic hindrance in collection of data related to them.

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