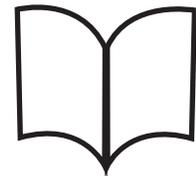
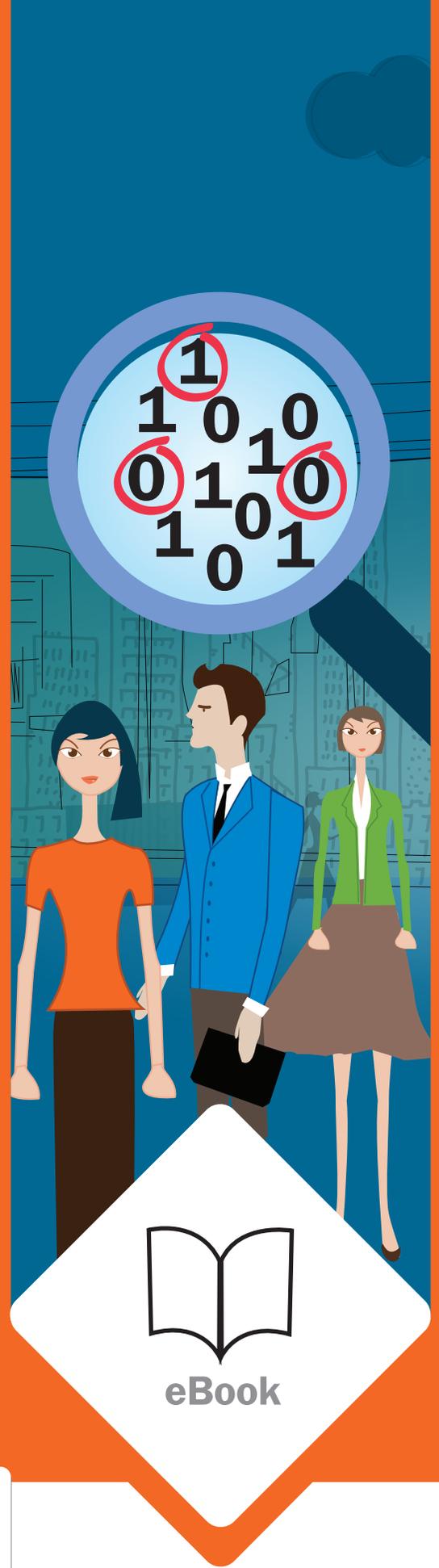


Online Businesses

Accessing the Customer Data
You Need to Maximize Your
Profitability — 4 Practical Steps

Part 2 in a series of 5 eBooks on
intelligent customer engagement



eBook



Exchange
Solutions

Unlocking Profitability.
One Customer at a Time.™

Using Intelligent Customer Engagement to Drive ROI

In our first eBook, “5 Steps to Maximizing the Profitability of Your Online Customers”, we provided an overview of five practical steps to begin mapping out how an organization can leverage the principles of intelligent customer engagement to enhance the ROI of its online customer base. As defined in our first eBook, intelligent customer engagement is predicated on an organization’s ability to use customer intelligence and a deep understanding of how customers interact with your product or service as the basis to build customer engagement and drive profitability.

Despite being in the age of “big data”, organizations today face two potential challenges to effectively using that information: 1) some organizations have not yet identified the optimal sources, or the means, to be able to collect data on their customers’ behaviors or, 2) more often the case, organizations are amassing exorbitant amounts of data but have not devised a plan to turn that valuable customer data into intelligent customer insight. As one Gartner report¹ aptly puts it “Business analysts have typically worked to a requirements-based model, answering clearly-defined business questions. Big data, however, demands a different approach, using opportunistic analytics and exploring answers to ill-formed or nonexistent questions.”

Given these challenges, this second eBook suitably addresses four key best practices for accessing customer data. These principles will enable you to capture the right type and level of data, a crucial step in ensuring that you have access to the customer insight that is needed to maximize the profitability of your customers.

As discussed in the first eBook, businesses that operate online — whether as a primary source of customer interaction or a complementary channel — often do not attain a satisfactory return on their investment. They are often plagued with low return on marketing spend, low conversion rates, and low membership engagement and renewal rates, despite significant marketing spend to engage their customers.

However, opportunities await. The fact is, no matter how valuable each of your customers is to your company today, there are incremental behaviors that every customer can perform to increase their value to the business — referring friends and family, renewing or upgrading their membership, buying products or services, writing reviews, to name a few.



¹ “Big Data Business Benefits are Hampered by ‘Culture Clash’”, Gartner Report, September 2013

The key to maximizing the ROI of every customer and the value they bring to your organization is understanding your customers' "behavior gaps" — the desired behaviors that they are *not* currently performing — across a range of behavior categories that provide value to your company. This will enable you to quantify what maximum profitability potential looks like for every customer and how you can best drive them to reach this potential. The prerequisite though is having a deep level of customer insight. Without this your organization cannot truly maximize its customers' profitability.

Four Steps to Capitalizing on the Value of Big (and Little) Data

The good news is that most organizations already collect customer data, to varying degrees of specificity and granularity. The bad news? This data is likely stored across multiple system silos, is difficult to access, and is stored at a granularity too fine to be of immediate use.

To understand each customer's "full potential", and bridge those customer behavior gaps, companies can use data capture and aggregation tools — what we call Listening Posts — to "listen in" on customer behavior.

When implementing these tools, here are four key steps to success to keep in mind:



1. Have a Plan

Prior to putting Listening Posts or similar tools to use, it is absolutely crucial that you first exercise due diligence in identifying what insights you are looking to derive. Just as each customer's current interactions with your company will vary, so too will the desired behaviors you are looking to drive, not only on a customer by customer basis, but also depending on other factors. Geography, current market penetration and trends / seasonality are just a few of the variables that are likely to affect exactly what insights will be most valuable to your business.

Our intelligent customer engagement programs help subscription-based websites:

✓ Increase conversion

Drive conversion rates by incenting customers to upgrade from free to premium paid subscriptions, or convert from visitors to members

✓ Enhance retention

Increase member renewal rates, motivate longer member renewal terms, reduce churn and increase average customer lifetime values

✓ Increase customer spend

Motivate customers to increase their average basket size, increase purchase frequency or to purchase higher margin products

✓ Reduce acquisition costs

Reduce acquisition costs by encouraging customers to refer friends and family to your site

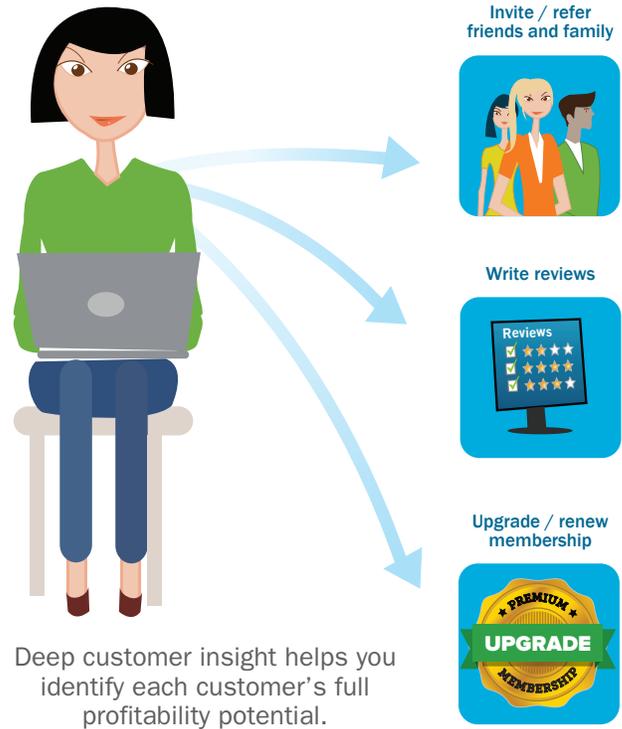
✓ Deepen engagement

Influence users to visit your site more often, engage with previously unvisited parts of your website and / or engage with advertiser content



For example, in geographies or markets where your product or service is already heavily penetrated, you may be more focused on listening for such customer behaviors as, time spent on the site, length of time between visits. In ‘green field’ markets, you may be more interested in listening for opportunities to motivate customer reviews and referrals in order to attract more customers, build your customer base and increase your market share.

Collecting data for data’s sake, without a strategic objective in mind of exactly how that data will add insight and value to the organization will be an inefficient and costly exercise in terms of time and resources.



IN SUMMARY: Before implementing any tools, decide what outcomes and insights you are looking to derive. Having strategic objectives in place detailing how the data will be used and what specific insights are most valuable for your business will go a long way in determining what data inputs you will need.



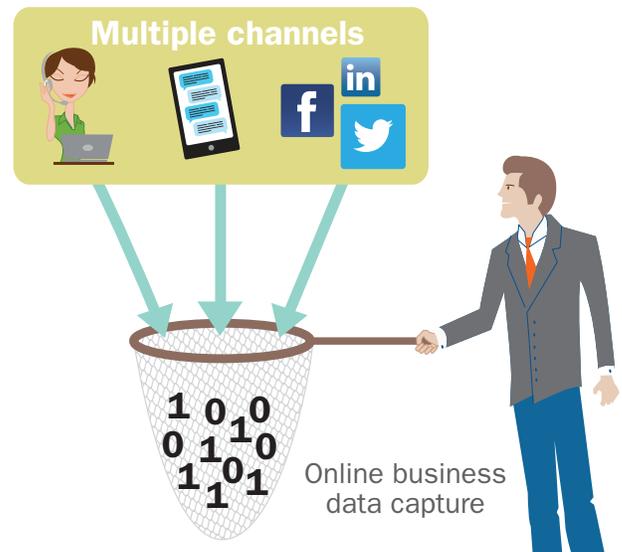
2. Listen Across Multiple Channels

The requirement to capture data across multiple channels leads to two questions:

- Which channels do your customers use to interact with your company?
- Which channels should you prioritize in order to get access to the most valuable data available, or at the very least, the minimum viable data to get the level of insight needed?

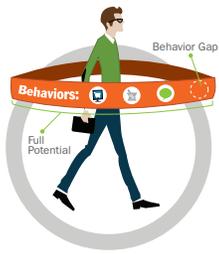
For example, an online business may choose the following channels for their data-capture: a customer-facing web property, a mobile app or micro-site, a contact center, existing CRM systems, social media, and others. Each business will have unique requirements and different channel opportunities.

Optimally, you will be able to capture data across all of your channels. However, beginning by “listening in” to a smaller subset of channels and doing so relatively quickly is a good place to start.



In today's hyper-connected, always-on world, with its seemingly endless array of devices, it's imperative that you collect data in real-time. Web services can help you to integrate your existing channels into your collection one at a time and, if necessary, add new channels in the future. This ability to scale easily and rapidly is critical, given the lightning-fast pace at which new channels, technologies and data generation sources continue to emerge.

IN SUMMARY: Ensure that you can capture data across multiple channels and devices. How customers interact on different channels and devices may vary widely and can provide insightful data on customers' behaviors, habits, and preferences.



3. Eliminate the Noise

Once the right channels to target for data collection have been identified, you need to turn your focus to collecting the right type of data.

Listening to and collecting data from the right channels — but at the wrong level of granularity (detail) — will only lead to unnecessary complexity. Without sufficient levels of granularity your data may be useless; too fine a granularity and it becomes unnecessarily time and labor intensive.

It can be very tempting to “capture every click” of a website through web logs or a remote listening technology. What you need to focus on instead is identifying and capturing all of the customer behaviors that create and / or decrement value for your company.

For example, by performing data analysis down to the individual customer level, you may note that a particular customer only purchases when certain incentives are offered (free shipping, discounts). If this falls within your company's strategy (to incent customers to purchases), Intelligent Rules may be set so that cart abandonment emails offering the customer free shipping are automatically sent within 24 hours (perhaps with the additional filter that this incentive is only offered if their cart is above a certain value).

Some of the metrics or customer behaviors you may want to capture include logins, content submissions, membership sign-ups, product reviews and / or complaints. The behavioral data and trends associated with these activities — activity dates and times, activity frequency, web session lengths etc. — will also provide important insights.



The bottom line? The better the quality of your data, the better your ability to create a comprehensive view of the complex matrix of behaviors and behavioral patterns for every single customer. This in turn will enable you to translate that customer intelligence into a mutually beneficial **Value Exchange** and ultimately, increased ROI.

IN SUMMARY: Determine the level of granularity you require to meet your objectives, one which will reveal the trends and patterns of your customers' current behaviors, and help you to identify their behavior gaps.

**What's this?
See the next page!**



4. Adapt Quickly

Speed to market is another critical consideration. And, so is cost. The faster and more cost-effectively you can start collecting customer data, the quicker you can begin tapping into that data to generate invaluable insights and uncovering the opportunities for increasing your customers' ROI.

With the complexities of big data — volume, velocity, variety and veracity — for organizations not yet tapping into their customers' data and for those amassing terabytes alike, it can be daunting to consider how and where to begin in producing actionable customer insights. The key is to start small, prove your ROI, and grow.

The take-away is, don't put it off. Lightweight technologies, like JavaScript remote procedure call protocol, make it easy to pilot a test quickly. Start by investing, testing and learning first-hand what data to capture across which channels to provide you the best insight to create a more profitable community of engaged customers.

IN SUMMARY: Undertake an assessment of how easily the listening posts can integrate into your existing systems so you can start tracking data — and drawing insights — quickly.

Turning Data Into Insight

Now that you have begun to tap into your customer data, the next step is to turn it into something useful. To do this requires that you build out what will soon resemble a complex matrix of actionable insights including:

1. What your customers' current and past behaviors are.

Once you have identified which customer behaviors are most valuable to your organization, you can use your customer data to identify which customers have performed or are performing those behaviors today. For example, has Customer X ever written a product or service review? Or has he/she written them historically but not recently?

2. What is each customer's potential value to the organization?

For instance, is Customer X within a market where you are trying to gain market share, and where reviews would be particularly valuable in your customer acquisition strategy?

What is Value Exchange?

Value exchange is a way to describe an interaction between a company and its customers. When a company wants a customer to perform a behavior that has value to the company (e.g. write a review of a product or service, invite a friend, renew or upgrade a membership, buy a product or service), they can offer an incentive that has value to that customer, in exchange for performing that behavior. This is a value exchange.



Check Out Our Quick Start Program

In just 4 weeks our new Customer Engagement Roadmap can provide you detailed analysis and metrics to help you identify your customers' behavior gaps, quantify the profitability you are missing and show you how to tap into that profitability.



Is Customer X an influencer in social or other channels (i.e. how influential could Customer X's product or service review be to other potential customers)?

Turning raw customer data into this kind of actionable intelligence will help you to identify how much profitability each customer potentially represents to your business. It also allows you to set the economic limits of how much should be invested in inciting incremental profitable behaviors on a customer by customer, and behavior by behavior, basis.



Now this is no easy feat, particularly as it is an ongoing process that requires continuous review and optimization. As customer preferences and trends change, as does the market, competitive landscape, and inevitably your organization, data collection and analysis should also continue to evolve. This will ensure you are always collecting the right customer data and gleaning the insights that are most valuable for your business.

Next Steps

In the first eBook of our five part series we considered how the principles of intelligent customer engagement can increase the profitability of your online customer base. To utilize these principles, customer data and insight on the key customer behaviors that drive value for your business are needed. Herein we have considered the foundational best practices to harnessing your customer data, the insights from which you can form the basis to increase the profitability of your customers.

Next to be considered is, once the data is collected, how do you go about actually leveraging these customer insights? How can you target your members on a one-to-one basis with economically rational incentives that will guarantee incrementally profitable behaviors? Be sure to look out for our third eBook in this series which will discuss just that.

Getting Started — The Customer Engagement Roadmap

Exchange Solutions offers a quick start Customer Engagement Roadmap (CER) which enables organizations to quickly listen in, understand and analyze their customer data. By embedding a web beacon on your website or accessing your past customer records, in just a 4 week period, data on the full range of your customers' behaviors is gathered and analyzed. We combine this with our expertise and in-market experience with optimizing customer behaviors, in order to provide a detailed and quantified report on where each of your customer's behavior gaps currently lie and how much incremental profit could be generated by closing those behavior gaps, as well as a roadmap of how you can get there. Whether used to craft a new customer engagement program, or to understand how to optimize an existing program, the CER provides an in-depth level of analysis that is invaluable to any online business.

About Exchange Solutions

Exchange Solutions designs, builds and operates intelligent customer engagement programs that improve customer acquisition, retention and profitability by identifying and closing high-value “behavior gaps”. Intelligent Rules target each customer with a choice of economically rational incentives to drive that incremental behavior change.

Exchange Solutions’ cloud-based platform permits rapid implementation in all channels, customized to each client’s needs. Our proprietary approach and in-market experience deliver quicker results, better ROI, and deeper customer engagement than traditional engagement or loyalty programs.

From our offices in Boston and Toronto, Exchange Solutions has been helping leading retailers, financial institutions and online businesses create sustainable and profitable communities of engaged customers for 18 years.

Contact us to learn more

For more information about the capabilities we provide and how to get started, please contact Exchange Solutions:

Josh Marder

Managing Director, U.S. Sales
781.693.0326
jmarder@exchangesolutions.com

Xavier Torres

Head of Sales, Canada & Latin America
416.646.7040
xtorres@exchangesolutions.com

LinkedIn

<http://www.linkedin.com/company/exchange-solutions>

Twitter

<https://twitter.com/ExchangeSolns>

www.exchangesolutions.com

