

Trends in Customer Intelligence

Where the rubber meets the road in 2010 and beyond

January 14, 2010

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Today's Speaker



Dave Frankland
Senior Analyst
Forrester Research

Moderator




Hallie Mummert
Editor in Chief
Target Marketing

Trends In Customer Intelligence

Dave Frankland
Principal Analyst
Forrester Research

Target Marketing webinar
January 14, 2010

A person wearing a flight suit with an American flag patch and a headset is seated at a control console in a dark, high-tech environment. The console features multiple monitors displaying data, including a prominent green wireframe globe. The scene is illuminated by the glow of the screens and ambient red and blue lights.

Customer Intelligence:
A command center to drive
corporate strategy and create
competitive advantage

Agenda

- Marketers struggle to understand their customers
- Advanced firms use Customer Intelligence for competitive advantage
- The building blocks of a Customer Intelligence command center

Agenda

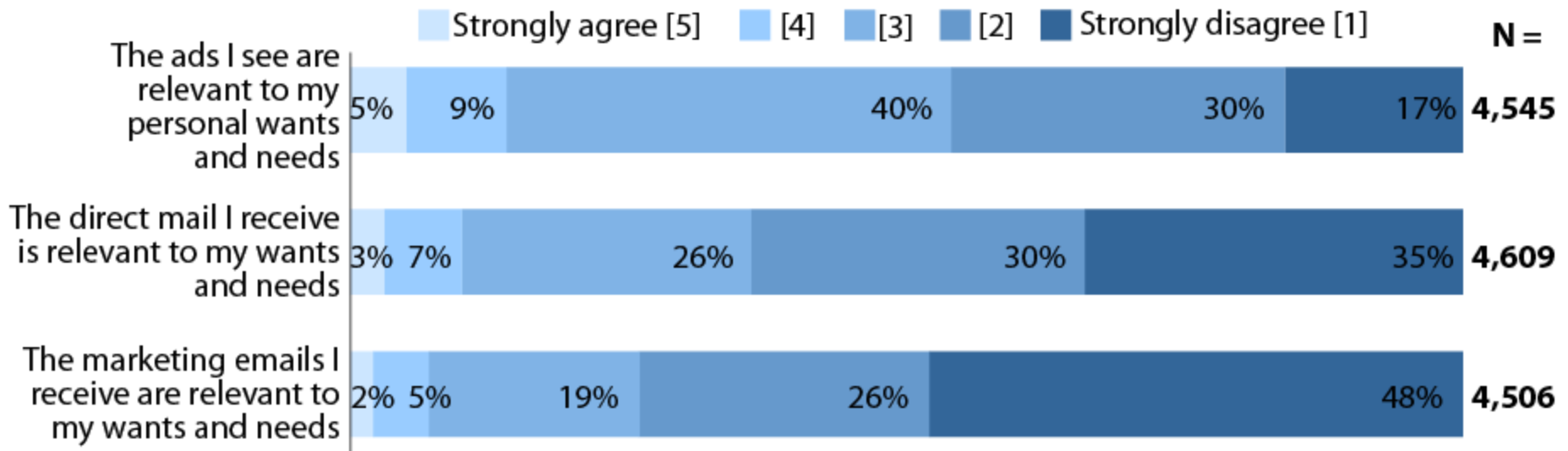
- **Marketers struggle to understand their customers**
- Advanced firms use Customer Intelligence for competitive advantage
- The building blocks of a Customer Intelligence command center

The world has changed

- Limited consumer tolerance for marketing

Consumers view marketing as irrelevant

"Indicate how much you agree or disagree with following statements regarding advertisements overall."

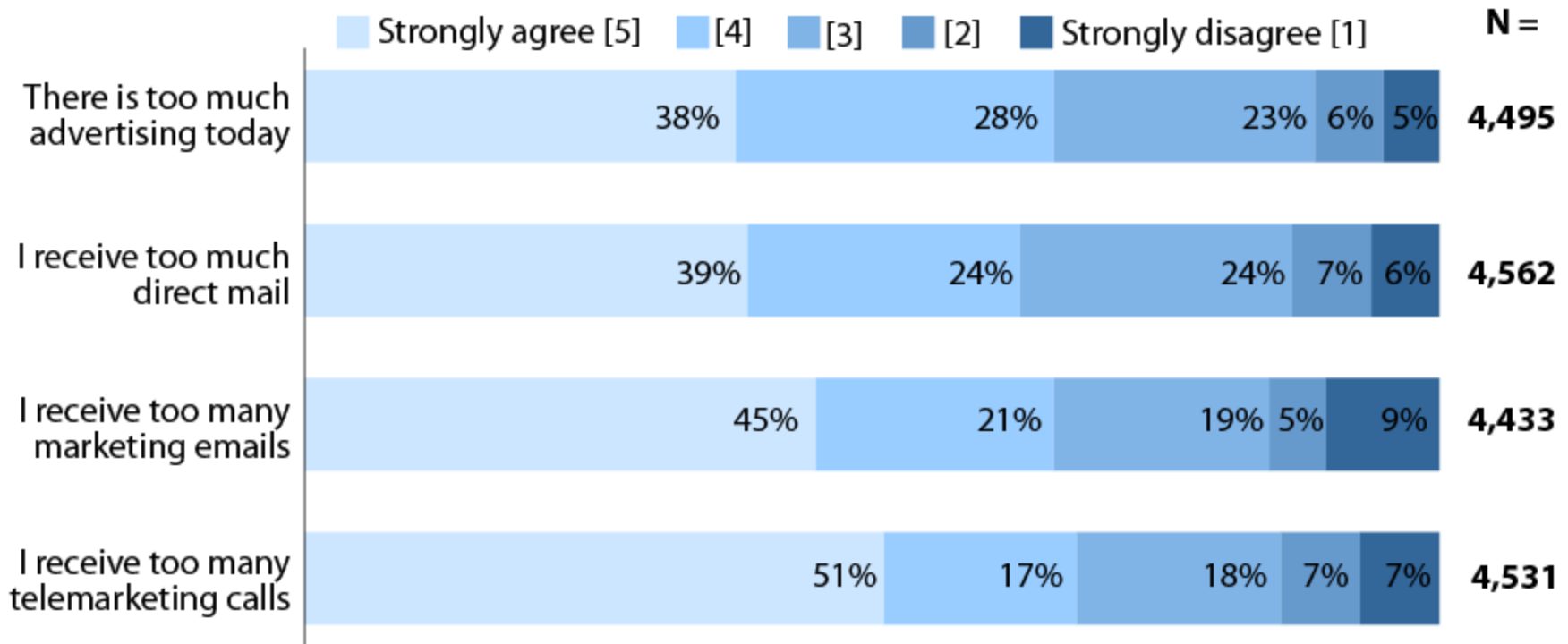


Base: US adults
(percentages may not total 100 because of rounding)

Source: North American Technographics® Media, Marketing, Consumer Technology, Healthcare, And Automotive Benchmark Survey, Q3 2008

Consumers are overwhelmed

"Indicate how much you agree or disagree with following statements regarding advertisements overall."

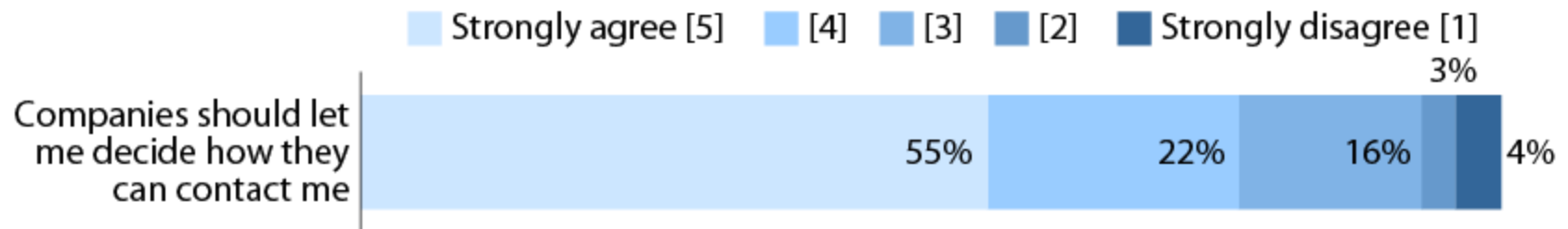


Base: US adults
(percentages may not total 100 because of rounding)

Source: North American Technographics® Media, Marketing, Consumer Technology, Healthcare, And Automotive Benchmark Survey, Q3 2008

Consumers want control

“Please indicate how much you agree or disagree with the following statement.”



Base: 4,548 US adults

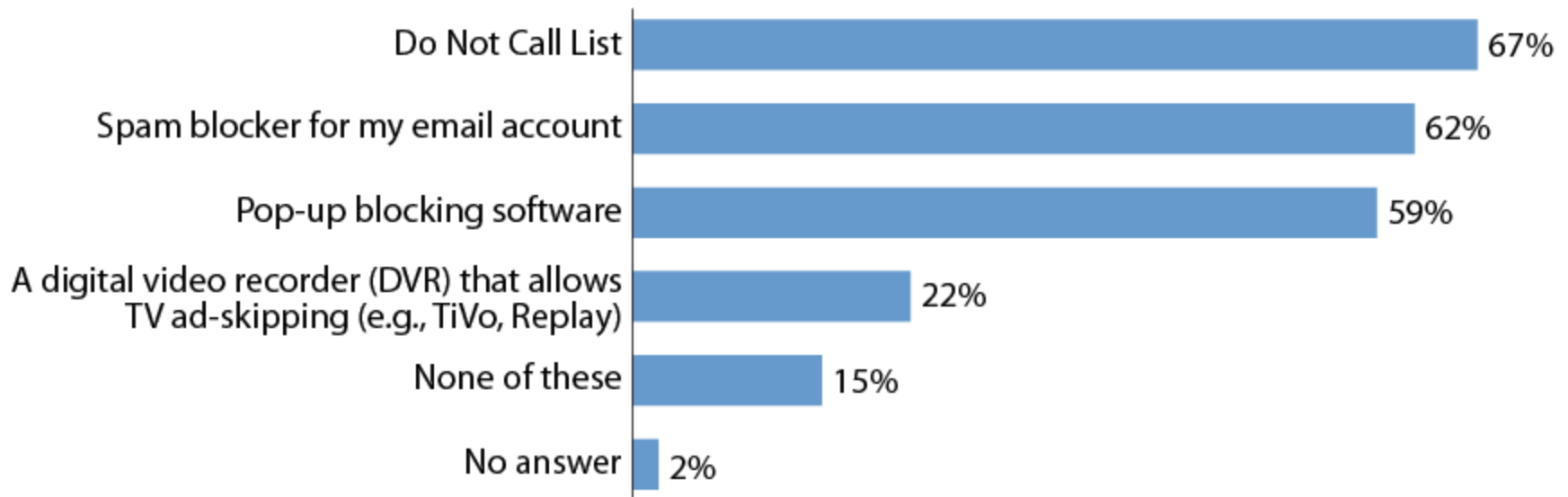
Source: North American Technographics® Media, Marketing, Consumer Technology, Healthcare, And Automotive Benchmark Survey, Q3 2008

The world has changed

- Limited consumer tolerance for marketing
- Technologically and socially empowered consumers

Consumers are just saying “No” to marketing

“Which of the following technologies and services do you currently use?”

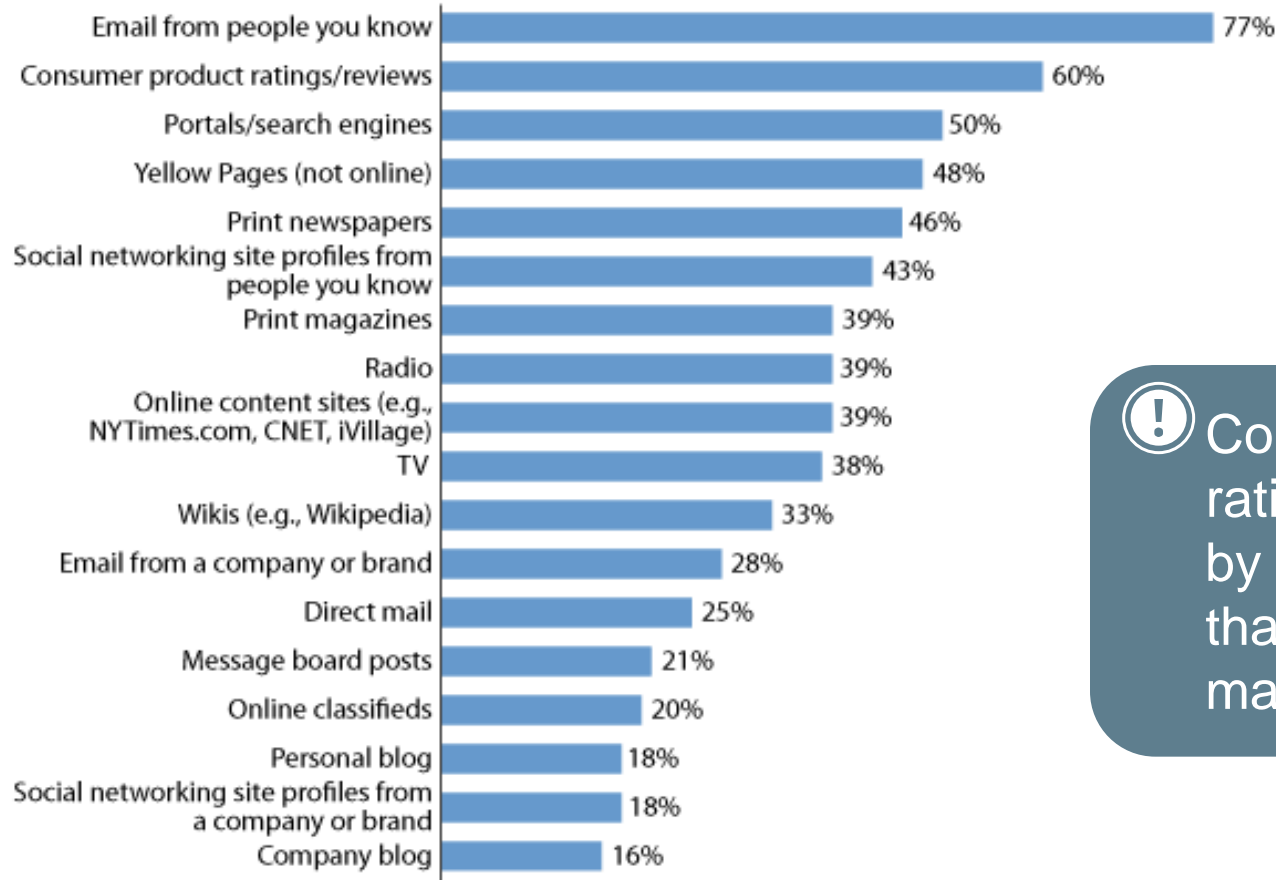


Base: 4,752 US adults
(multiple responses accepted)

Source: North American Technographics® Media, Marketing, Consumer Technology, Healthcare, And Automotive Benchmark Survey, Q3 2008

Consumers' trust in marketing is waning

"How much do you trust* the following information sources?"

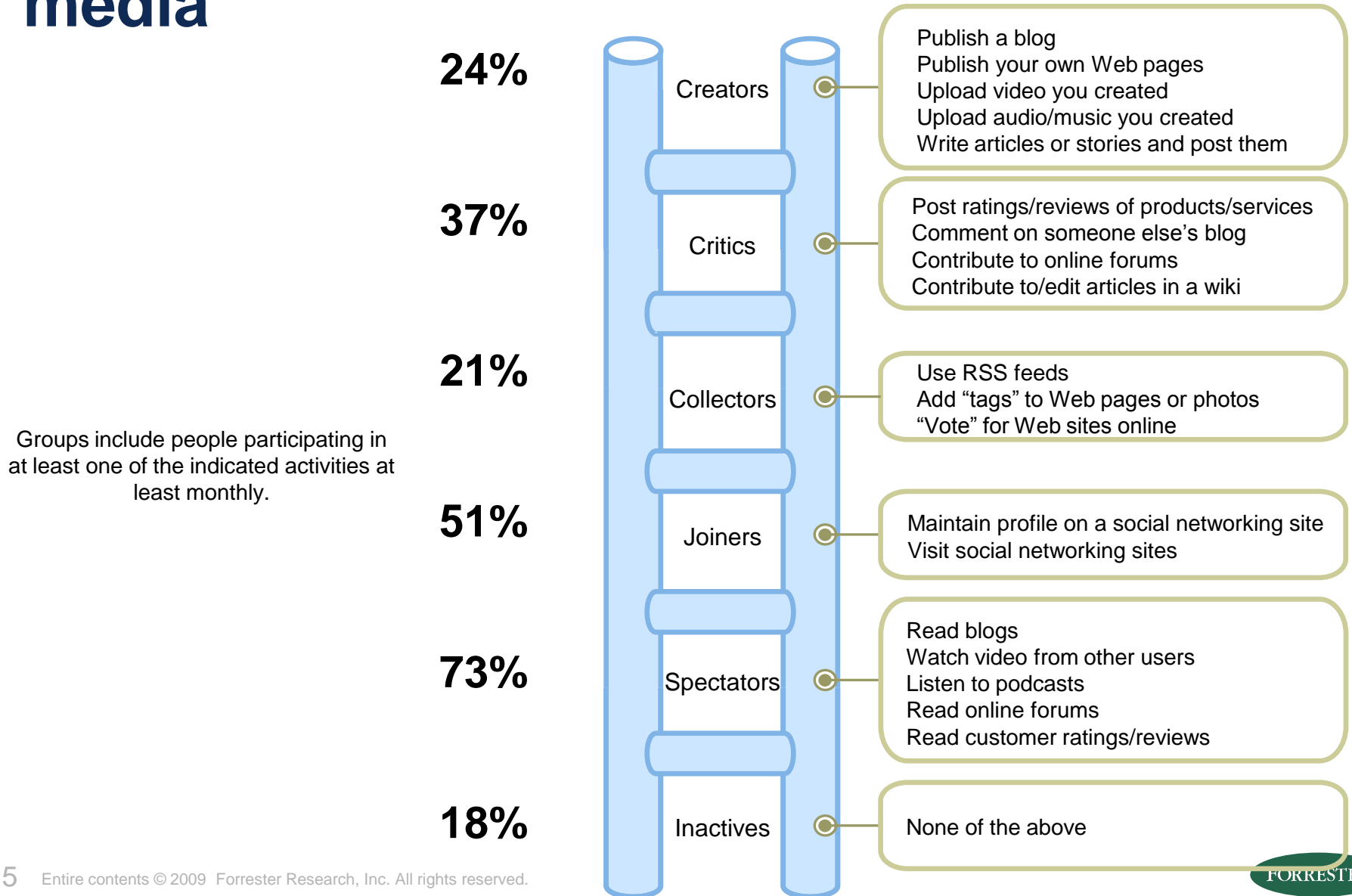


Base: US online adults who use each type of content

Source: North American Technographics® Media And Marketing Online Survey, Q2 2008
*Trust is defined as a 4 or 5 on a scale from 1 [don't trust at all] to 5 [trust completely].

! Consumers trust ratings and reviews by one another more than they trust marketing campaigns.

And most consumers engage in social media



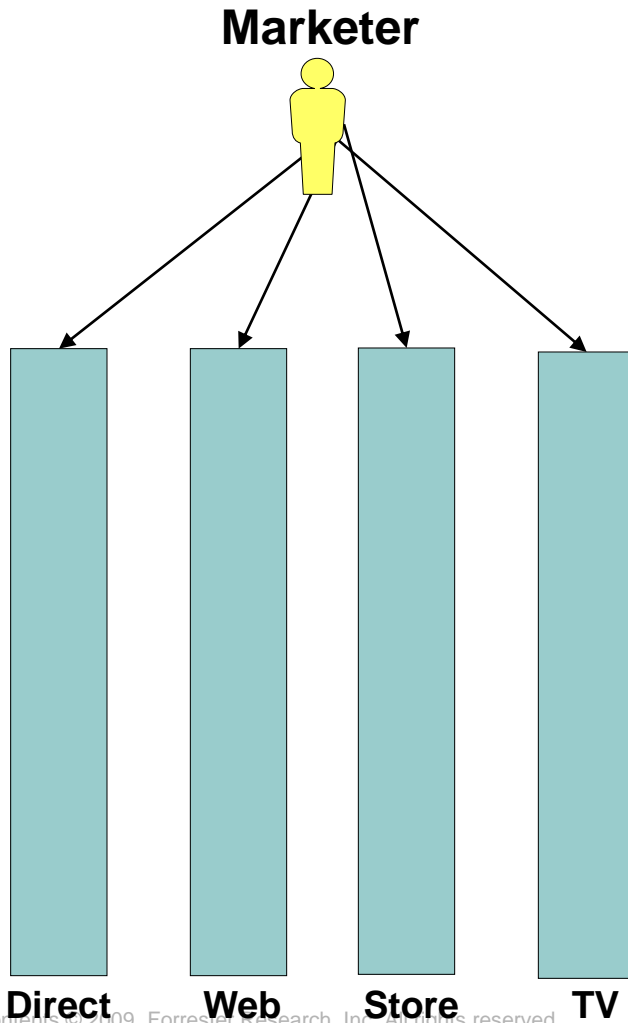
The world has changed

- Limited consumer tolerance for marketing
- Technologically and socially empowered consumers
- Increased demand for marketing accountability

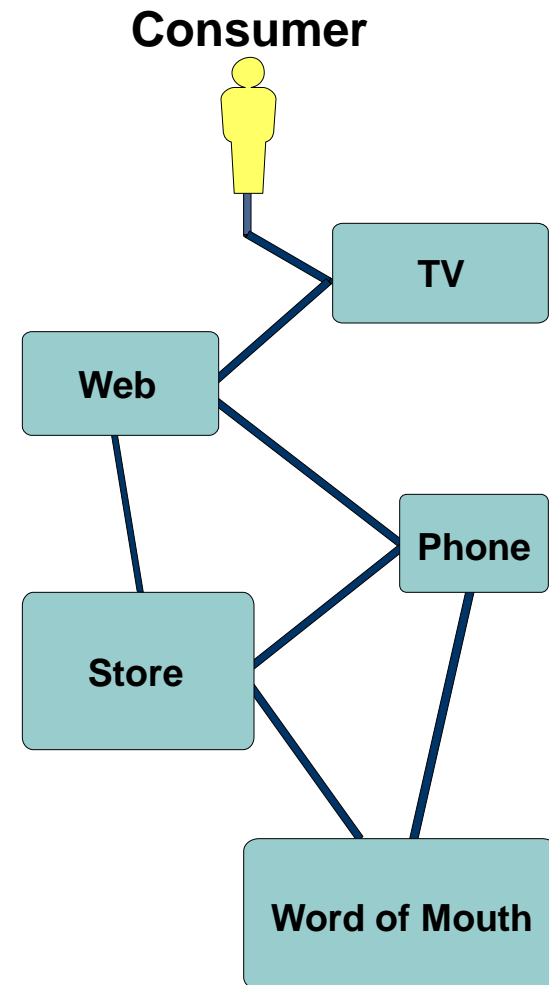
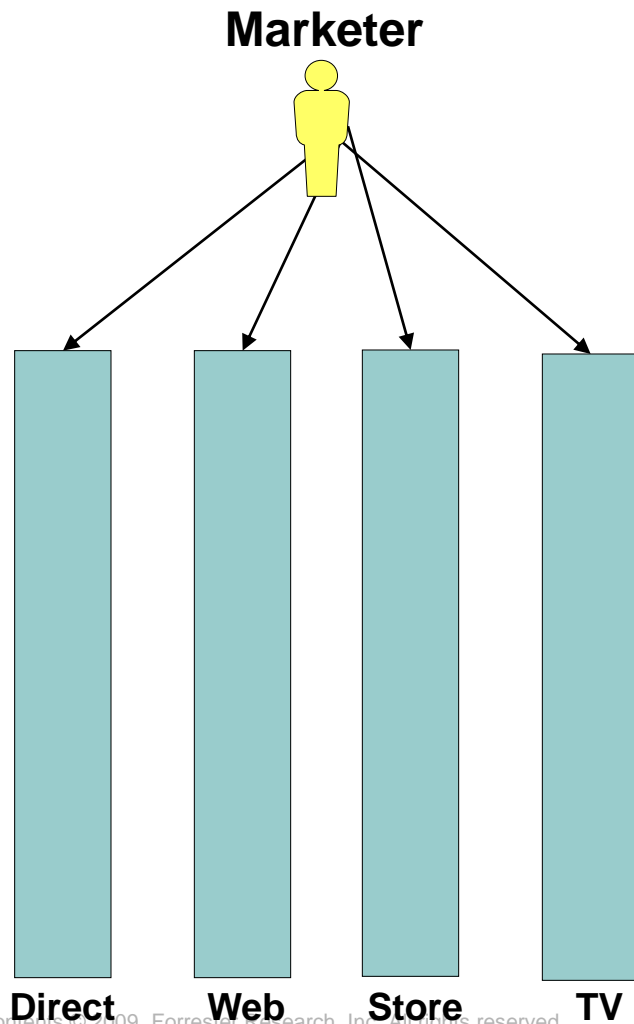
Most firms can't get out of their own way

- They are
 - Organizationally constrained

Organizational structures prevent marketers from recognizing their customer



Organizational structures prevent marketers from recognizing their customer

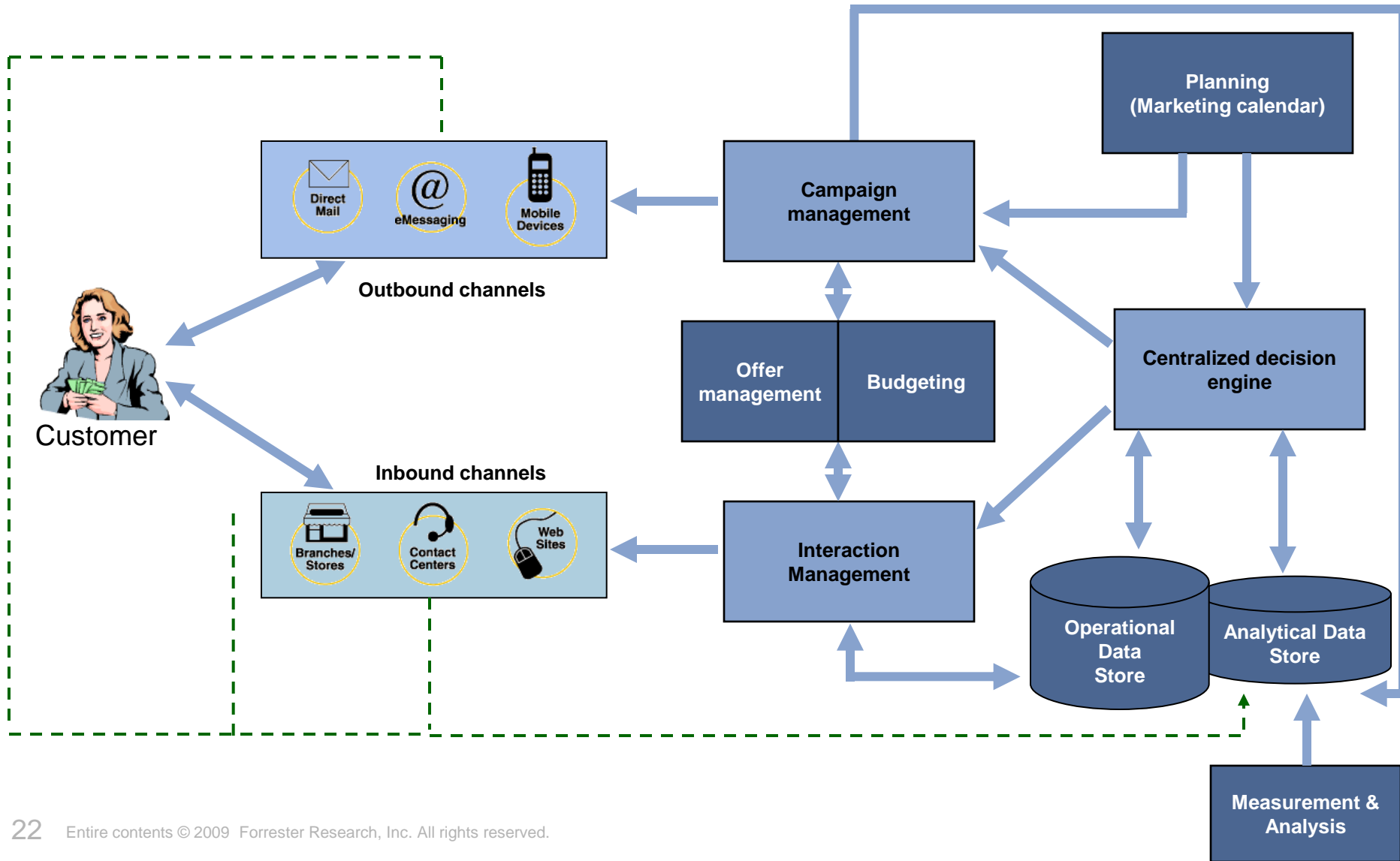


But most firms can't get out of their own way

- They are
 - Organizationally constrained
 - Technologically constrained

Consumers expect an experience across channels

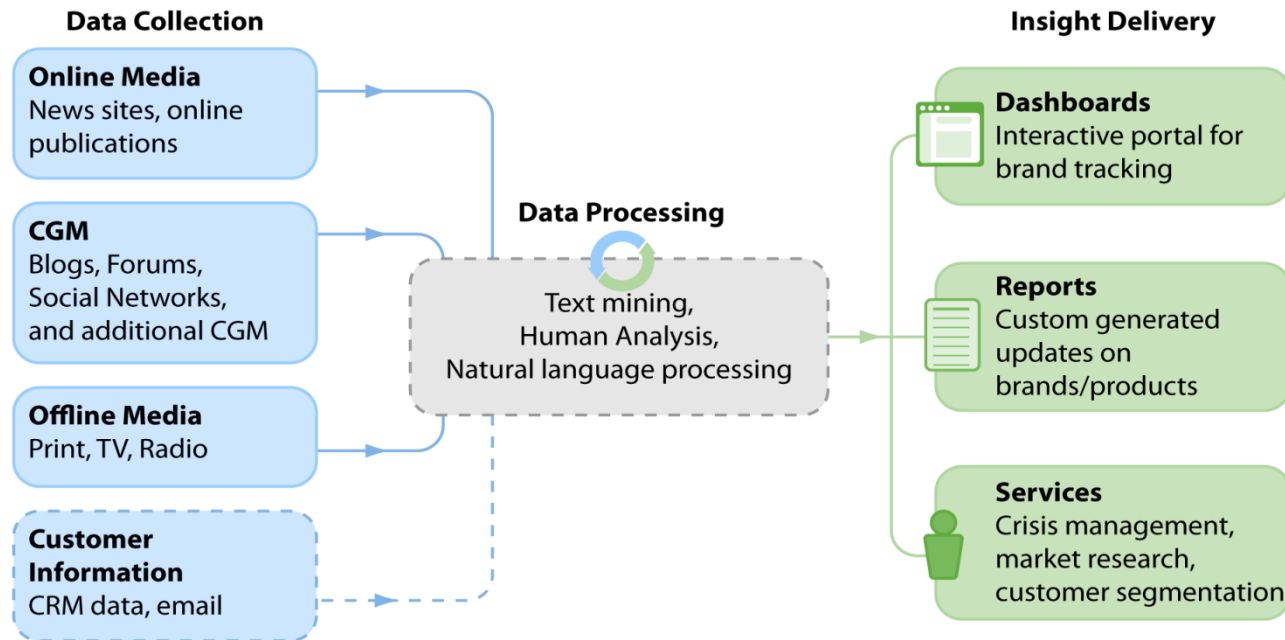
Consumers expect an experience across channels — a complex challenge for marketers



But most firms can't get out of their own way

- They are
 - Organizationally constrained
 - Technologically constrained
 - Socially constrained

Few firms fully integrate the listening process



Source: Listening Platforms landscape report



**In 2009, more data will be
generated by individuals
than in the entire history
of mankind through 2008**

-Andreas Weigend

Former Chief Scientist at Amazon.com

Agenda

- Marketers struggle to understand their customers
- **Advanced firms use Customer Intelligence for competitive advantage**
- The building blocks of a Customer Intelligence command center

Customer Intelligence

The management and analysis of customer data from all sources, used to drive marketing performance and business strategy.

CI comprises multiple functions

“Please indicate which of the following functions exist at your company.”



Base: 301 Customer Intelligence professionals
(multiple responses accepted)

Source: Q2 2009 Global Customer Intelligence Online Survey

With varying degrees of integration

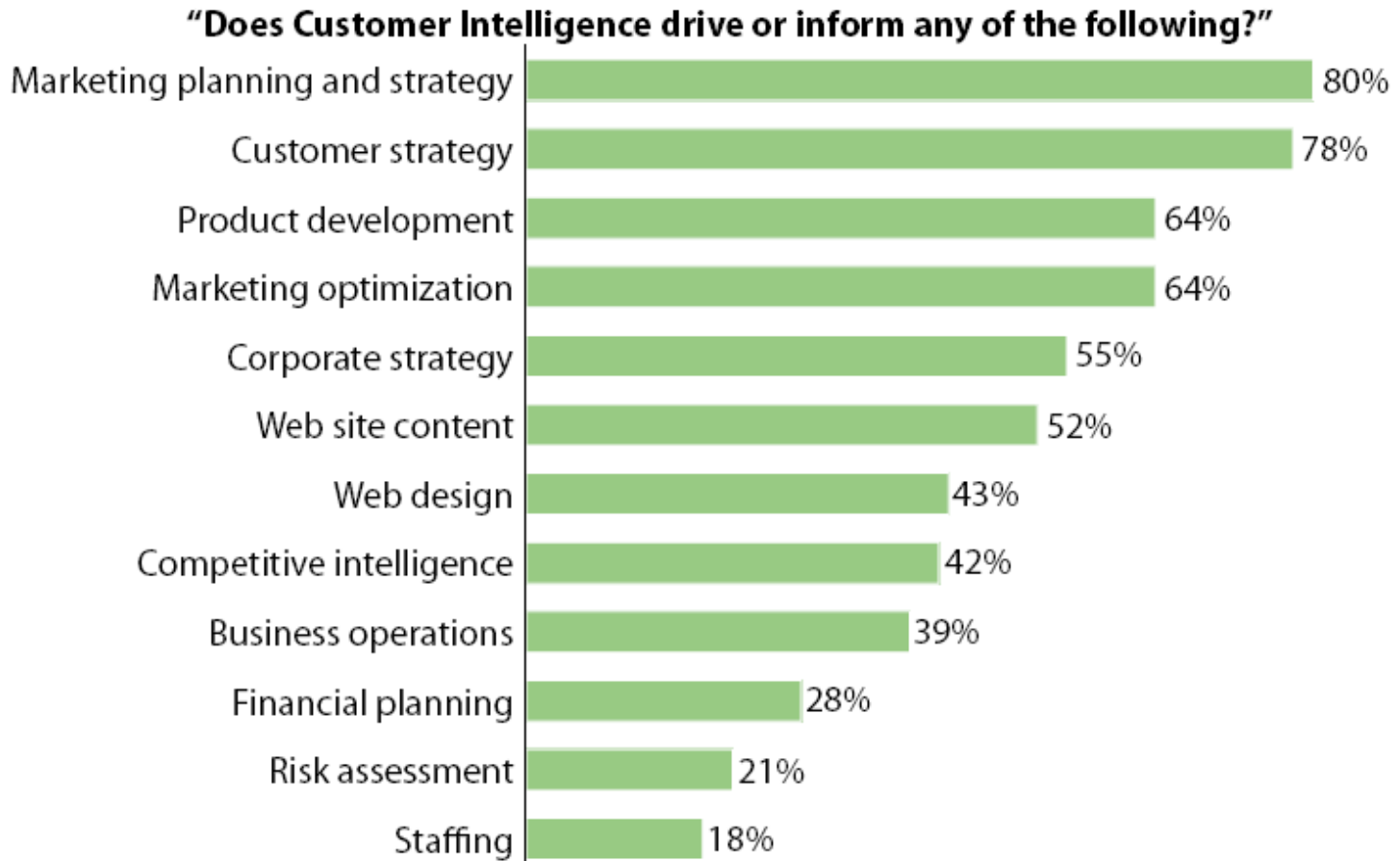
Percent of firms that integrate specific functions

	Customer feedback/ listening	Direct marketing	Web analytics/ optimization	Marketing analytics	Competitive intelligence	Database marketing
Market research	56%	35%	27%	49%	58%	35%
Database marketing	35%	78%	36%	51%	29%	
Competitive intelligence	51%	22%	27%	40%		
Marketing analytics	43%	48%	43%			
Web analytics/ optimization	26%	33%				
Direct marketing	29%					

Base: 301 Customer Intelligence professionals

Source: Q2 2009 Global Customer Intelligence Online Survey

CI drives a broad range of activity



Base: 301 Customer Intelligence professionals

Source: Q2 2009 Global Customer Intelligence Online Survey

But firms' CI quotient varies widely

Functional Intelligence

- Less likely to have the technology, staff, or budgetary support needed for CI
- Unlikely to measure the value of CI
- Somewhat likely to use CI to drive marketing planning and customer strategy
- Unlikely to use CI to drive corporate strategy, marketing optimization, or for competitive intelligence

But firms' CI quotient varies widely

Marketing Intelligence

- CI drives multiple functions including customer strategy and marketing planning
- CI is often a factor in customer interactions
- Somewhat likely to leverage CI across the company
- A minority measures the value of CI

Functional Intelligence

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But firms' CI quotient varies widely

Strategic Intelligence

- CI is a valued asset at these firms
- More likely to have a C-level evangelist or champion for CI
- CI drives multiple functions including corporate strategy
- More likely to measure the value of CI

Marketing Intelligence

- CI drives multiple functions including customer strategy and marketing planning
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54%

34%

12%

Strategic intelligence firms apply CI more broadly

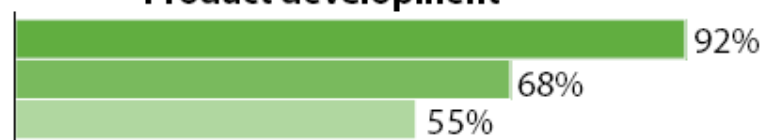
“Does Customer Intelligence drive or inform decisions about any of the following?”

Corporate strategy



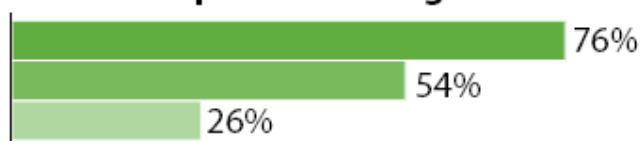
Base: 165 Customer Intelligence professionals
(multiple responses accepted)

Product development



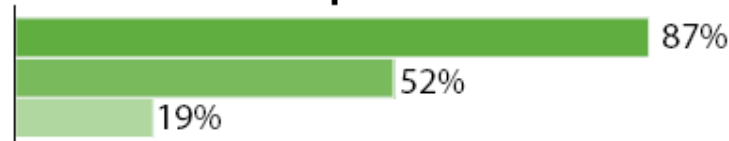
Base: 193 Customer Intelligence professionals
(multiple responses accepted)

Competitive intelligence



Base: 126 Customer Intelligence professionals
(multiple responses accepted)

Business operations



Base: 116 Customer Intelligence professionals
(multiple responses accepted)

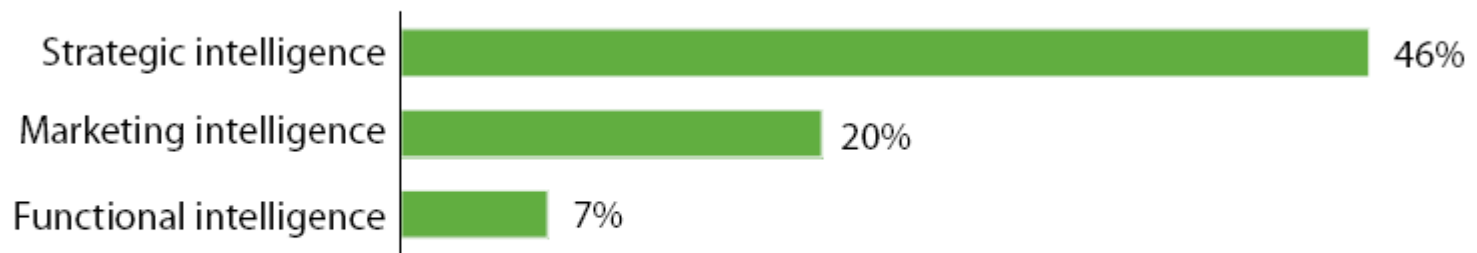
Maturity level:

- Strategic intelligence
- Marketing intelligence
- Functional intelligence

Source: Q2 2009 Global Customer Intelligence Online Survey

CI is supported at the top more often within strategic intelligence firms

"My company has a C-level evangelist or champion for customer intelligence."
(5 on a scale of 1 [Strongly disagree] to 5 [Strongly agree])



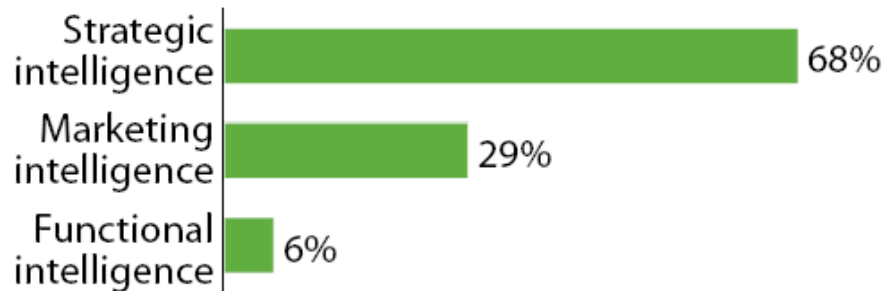
Base: 49 Customer Intelligence professionals

Source: Q2 2009 Global Customer Intelligence Online Survey

And they place a higher value on CI

“Customer Intelligence is a valued asset at my company.”

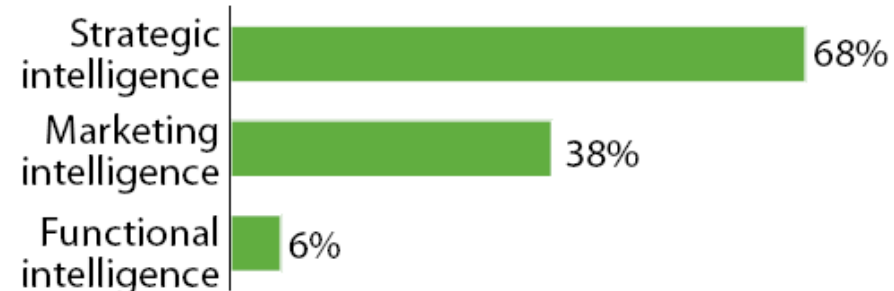
(5 on a scale of 1 [Strongly disagree] to 5 [Strongly agree])



(multiple responses accepted)

Base: 64 Customer Intelligence professionals

“My company measures the value of Customer Intelligence.”



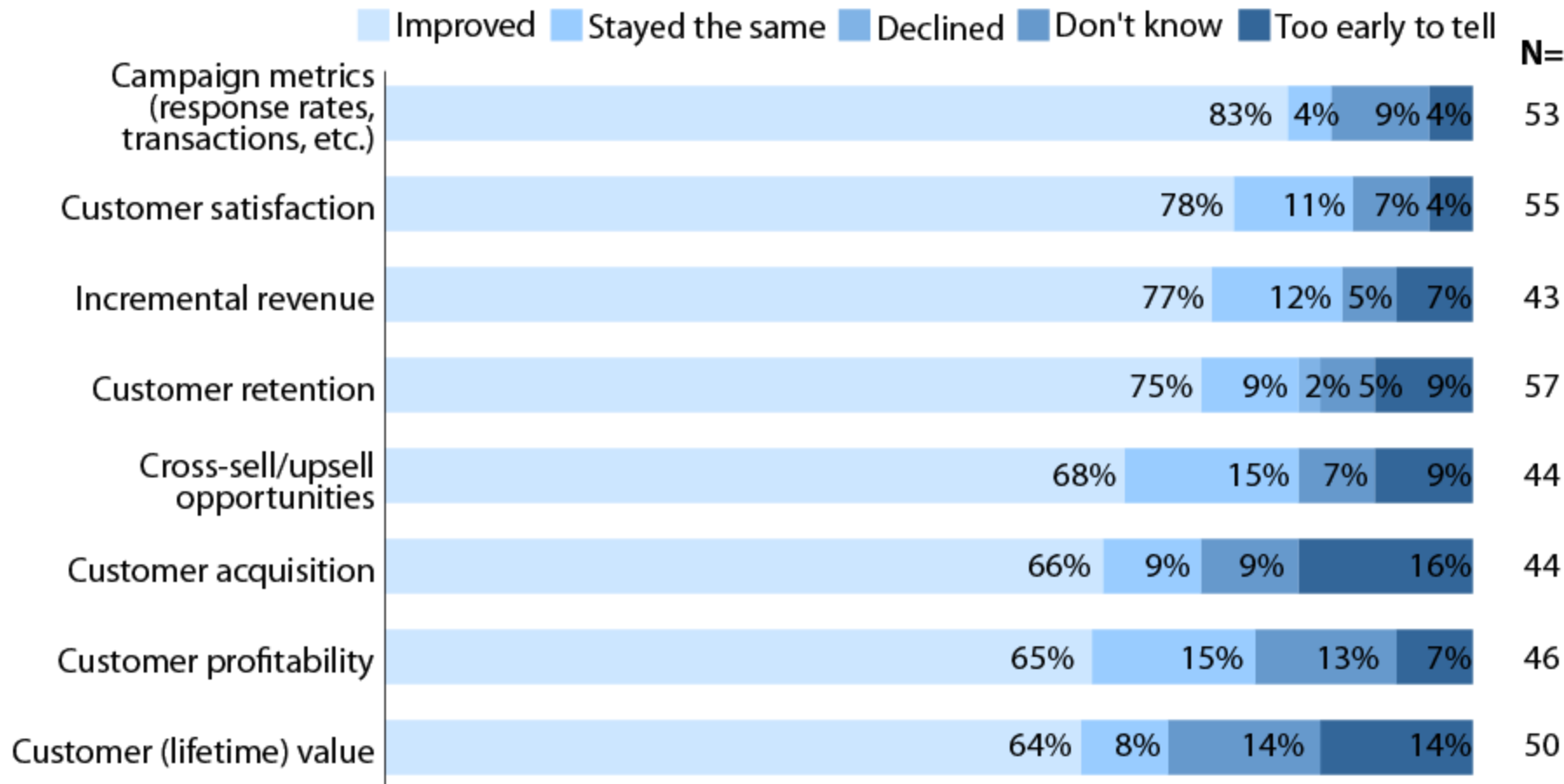
(multiple responses accepted)

Base: 74 Customer Intelligence professionals

Source: Q2 2009 Global Customer Intelligence Online Survey

Those that measure CI see many benefits

“How has customer intelligence impacted each of the metrics that you measure?”



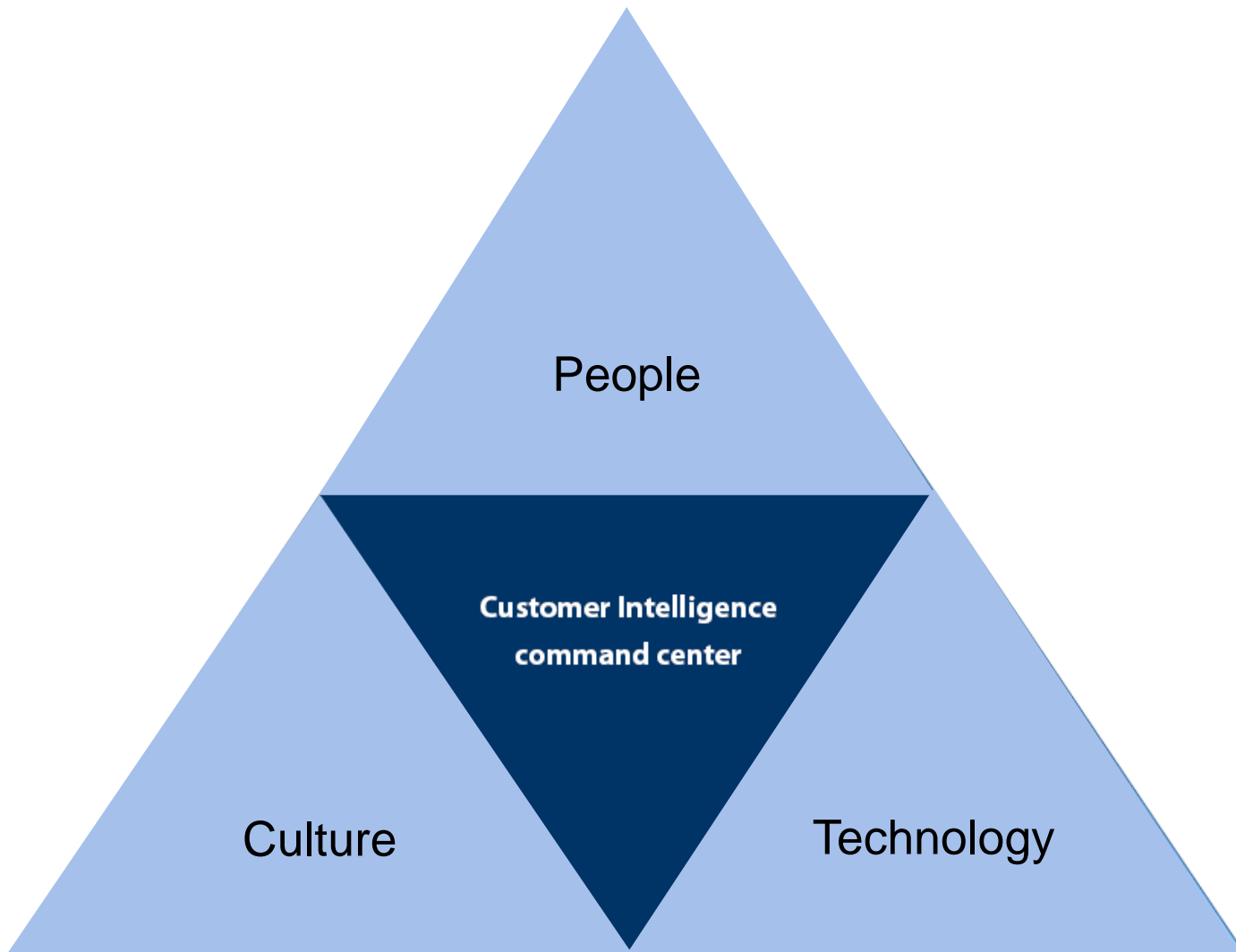
Base: Customer Intelligence professionals who measure the impact of Customer Intelligence

Source: Q2 2009 Global Customer Intelligence Online Survey

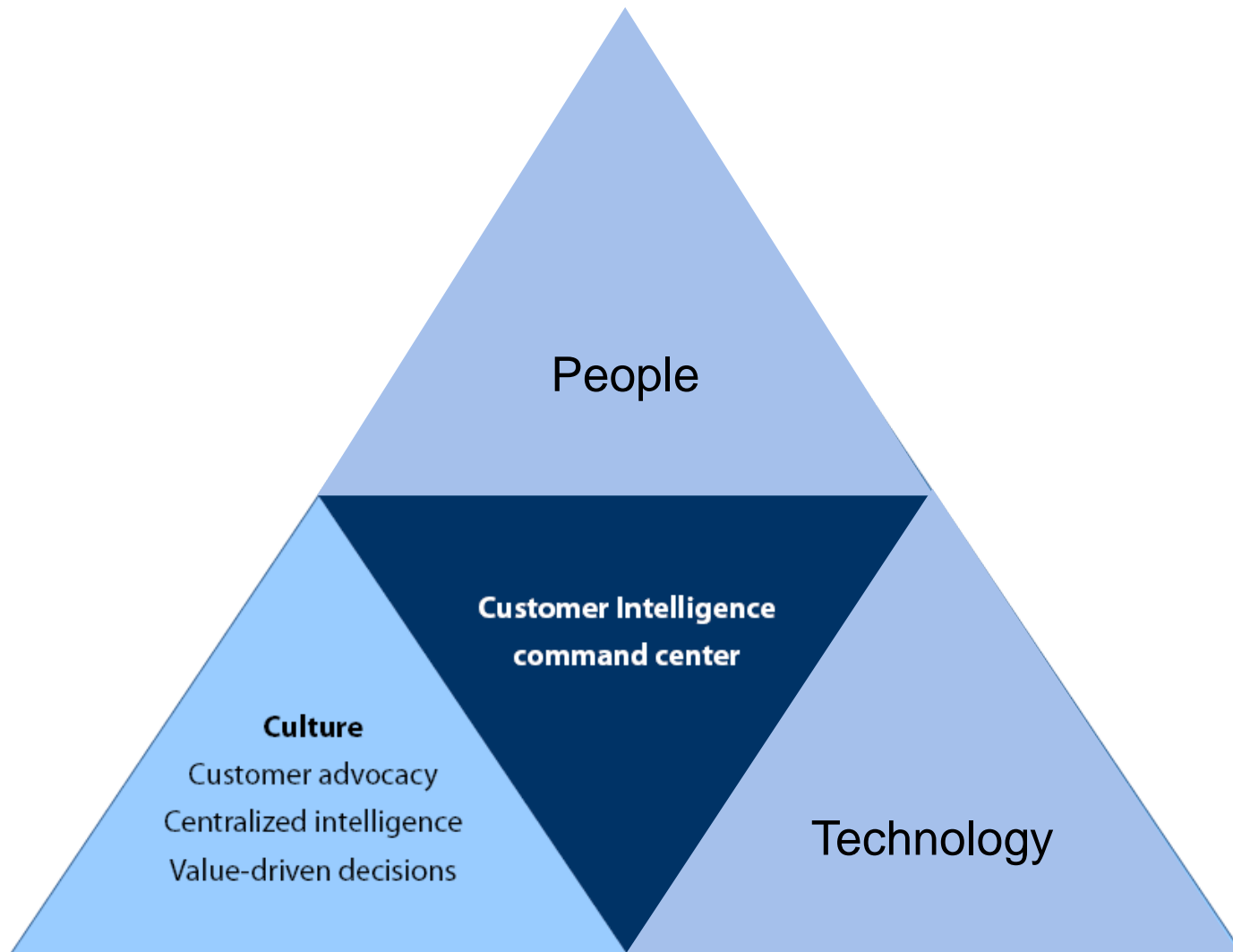
Agenda

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- Advanced firms use Customer Intelligence for competitive advantage
- **The building blocks of a Customer Intelligence command center**

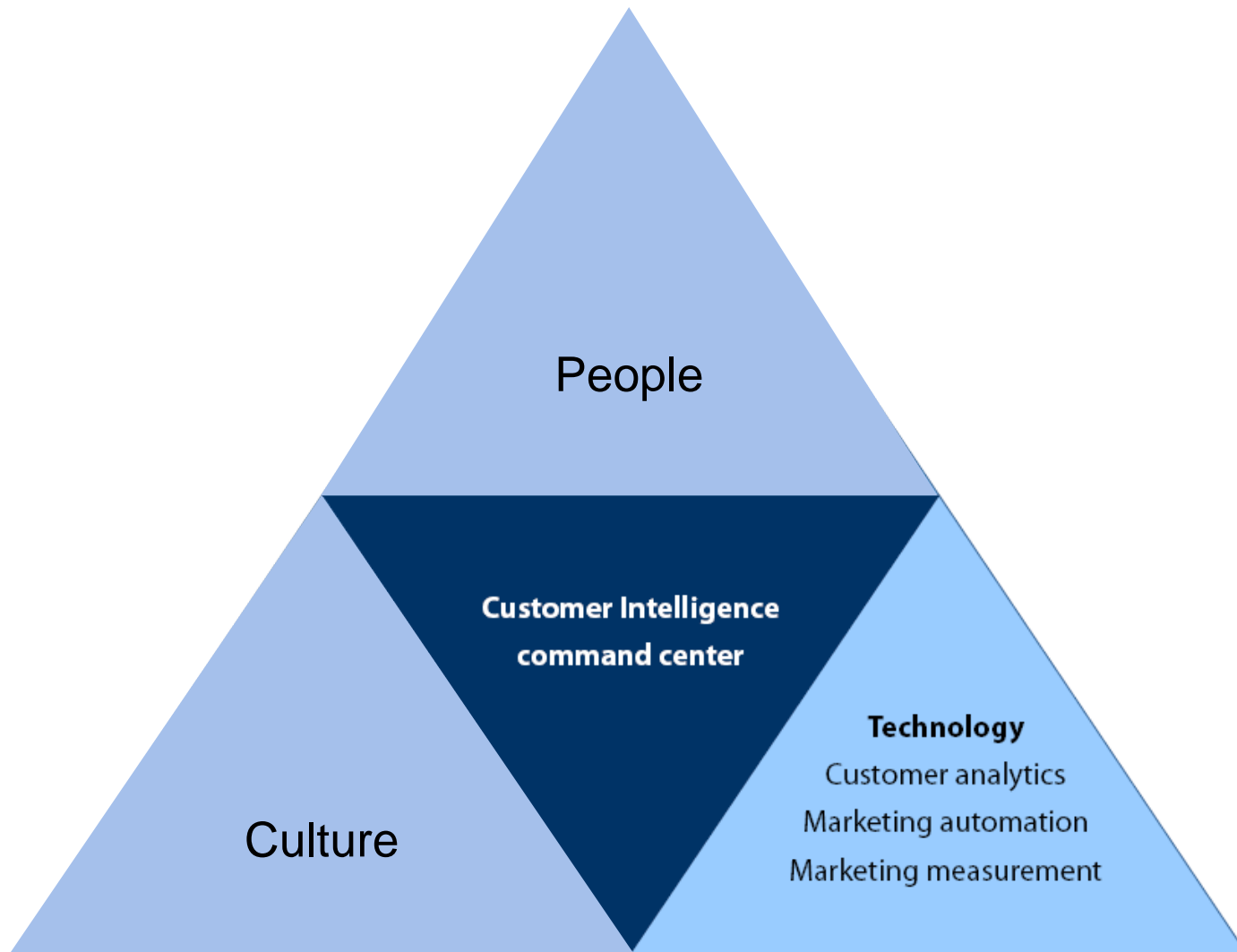
Building blocks of a CI command center



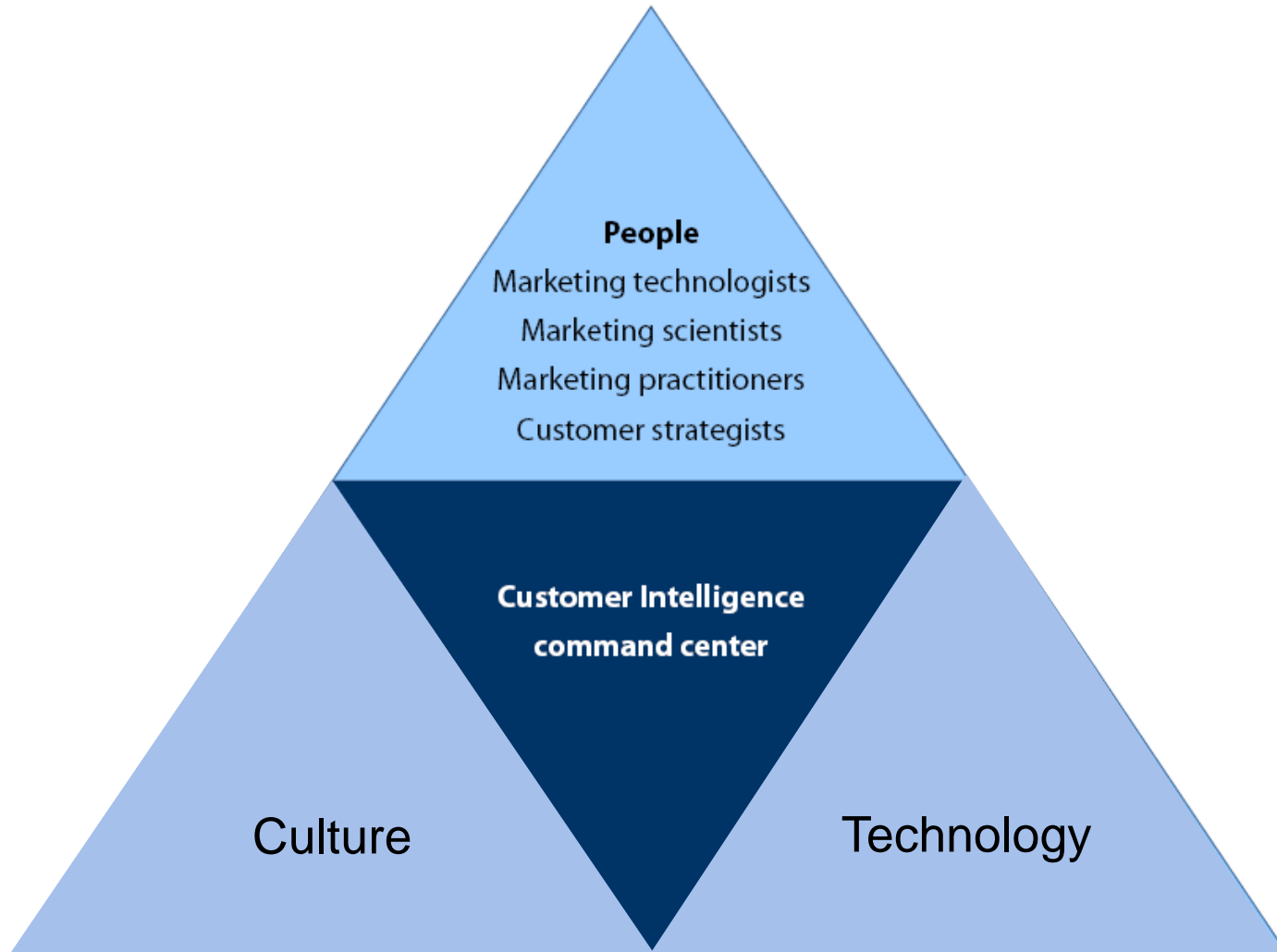
Building blocks of a CI command center



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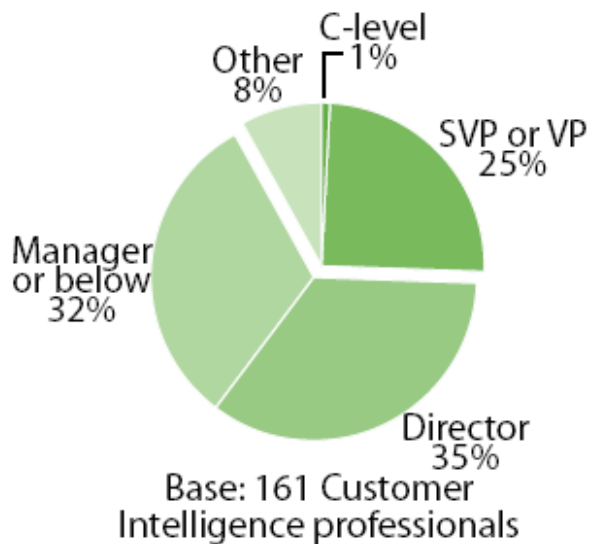
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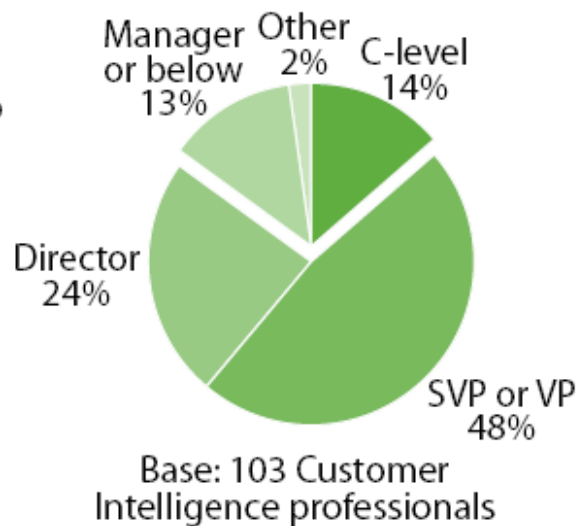
Strategic intelligence firms have a more senior CI head

“How senior is the head of customer intelligence at your organization?”

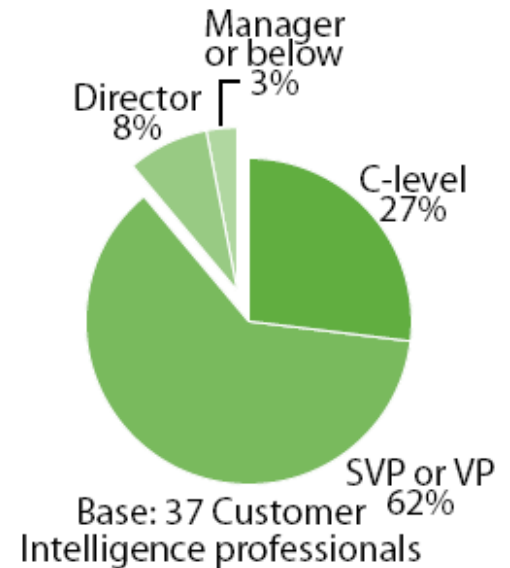
Functional intelligence



Marketing intelligence



Strategic intelligence



Source: Q2 2009 Global Customer Intelligence Online Survey

Customer Intelligence profiles

Marketing
technologists

Marketing
scientists

Marketing
practitioners

Customer
strategists

Customer Intelligence profiles

	Background
Marketing technologists	Database marketing, marketing operations, IT
Marketing scientists	Advanced mathematics, quantitative analysis, research
Marketing practitioners	Direct marketing, interactive marketing, production and fulfillment
Customer strategists	Marketing technology, marketing science, marketing operations, strategy consulting

Customer Intelligence profiles

	Background	Responsibility
Marketing technologists	Database marketing, marketing operations, IT	Coordinates and manages marketing technology investments, data management, and processing
Marketing scientists	Advanced mathematics, quantitative analysis, research	Uses analytics and modeling to transform customer data into actionable intelligence
Marketing practitioners	Direct marketing, interactive marketing, production and fulfillment	Manages execution of campaigns across a variety of channels
Customer strategists	Marketing technology, marketing science, marketing operations, strategy consulting	Drives enterprisewide adoption of Customer Intelligence as a strategic asset

Customer Intelligence profiles

	Background	Responsibility	Common titles	Typically reports to:
Marketing technologists	Database marketing, marketing operations, IT	Coordinates and manages marketing technology investments, data management, and processing	VP, director, manager of . . . database marketing, marketing technology, CRM	VP/SVP of customer intelligence, customer strategist, CMO (in absence of above)
Marketing scientists	Advanced mathematics, quantitative analysis, research	Uses analytics and modeling to transform customer data into actionable intelligence	VP, director, manager of . . . marketing analytics, customer analytics, customer insights	VP/SVP of customer intelligence, customer strategist, CMO (in absence of above)
Marketing practitioners	Direct marketing, interactive marketing, production and fulfillment	Manages execution of campaigns across a variety of channels	VP, director, manager of . . . marketing communications, direct marketing, interactive marketing	VP/SVP of customer intelligence, customer strategist, CMO (in absence of above)
Customer strategists	Marketing technology, marketing science, marketing operations, strategy consulting	Drives enterprisewide adoption of Customer Intelligence as a strategic asset	SVP of . . . customer knowledge, intelligence strategy, insights, CRM	Chief executive, marketing, strategy, operations, or performance officer

Recommendations

- Define a baseline by auditing your current CI quotient

Forrester has a “self-test”

Culture

We have a centralized Customer Intelligence function that services the entire company.	
My marketing organization has a process in place to constantly collect and share metrics across the business to support marketing accountability.	
We regularly and consistently measure customer value and profitability.	
There is consensus among senior leaders in our company on the strategic business value of Customer Intelligence.	

Customer Intelligence

Technology

Customer Intelligence optimization.	My company has a centralized customer database (that captures transactional, promotional, behavioral, and preference data).	
Customer Intelligence	My company has a defined marketing technology strategy.	
Customer Intelligence	My company applies Customer Intelligence to all inbound communication activities.	
Customer Intelligence	My company has a centralized analytics function.	

Customer Intelligence

My company uses contact

People

My company has a specific marketing approach.	My company has a standard set of marketing campaigns.	My company has a C-level evangelist or champion for Customer Intelligence.	
My company has a specific marketing approach.	My company has a marketing strategy for each channel.	The head of Customer Intelligence has a seat on the executive team.	
	My company employs list management.	We employ a team of people that uses analytics and modeling to transform customer data into actionable intelligence.	
		We employ a team of people that manages marketing technology investments, data management, and processing.	
		We employ a team of people that develops data driven marketing campaigns.	
		My company employs someone who's primary job function is to drive adoption of Customer Intelligence as a strategic asset.	
		Our analytics and modeling team is rewarded by the incremental revenue or margin they generate.	

Scoring your firm:

Interpret the TOTAL scores as:
 Strategic intelligence: +18 to +54
 Marketing intelligence: -18 to +18
 Functional intelligence: -18 to -54

Recommendations

- Define a baseline by auditing your current CI quotient
- Collaborate with internal stakeholders to determine desired state

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- **Socialize Customer Intelligence**
 - Build the team
 - Demonstrate the value
 - Align success with business results

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- Rethink metrics and measurement frameworks

Recommendations

- Define a baseline by auditing your current CI quotient
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- Socialize Customer Intelligence
 - Build the team
 - Demonstrate the value
 - Align success with business results
- Rethink metrics and measurement frameworks
- **Rethink alignment and incentives**

Forrester's Research Panel

- Each quarter, Forrester surveys 1,500 marketing and strategy professionals about:
 - » Interactive marketing
 - » Customer experience
 - » **Customer Intelligence**
 - » eBusiness and channel strategy
 - » Marketing leadership
 - » Consumer product strategy
 - » Consumer market research
- Gain insight, get data, and learn best practices from marketing professionals. Join our panel today: www.forrester.com/Panel

Thank you

Dave Frankland

+1 617.613.6118

dfrankland@forrester.com

Linkedin: davefrankland



@dfrankland

Blog: http://blogs.forrester.com/customer_intelligence/

CI site: www.forrester.com/rb/ci

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Question & Answer Session

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Thank You

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