

May 24, 2012



#Retail360

All Customers Are Not Alike

Gaining A 360 Degree View



Follow this webinar on Twitter using the

#Retail360 hashtag

The screenshot shows the Twitter profile for Retail TouchPoints (@RTouchPoints). The profile bio states: "Our mission at Retail TouchPoints is simply to provide executives in customer-facing roles with relevant, insightful content across a variety of digital mediums." The profile has 4,279 tweets, 4,215 following, 3,833 followers, and 166 listed. The timeline shows several tweets, including announcements about webinars, industry news, and awards. The right sidebar shows connections and similar accounts like DELL STORES, FirstAlert, GeoffreyB, and KevinOBrien_LPI.

About Retail TouchPoints

- ✓ Launched in 2007
- ✓ Over 23,000 subscribers
- ✓ To provide executives with relevant, insightful content across a variety of digital medium

Free subscription to our weekly newsletter:
WWW.RETAILTOUCHPOINTS.COM/SIGNUP

The screenshot displays the Retail TouchPoints website interface. At the top, the logo reads "retail TouchPoints" with the tagline "STRATEGIES TO OPTIMIZE EVERY CUSTOMER INTERACTION". A navigation bar includes links for Home, Subscribe, Events, Community, Resource Center, Blog, About Us, and Contact Us. The main content area features several articles:

- Relevant Deals And Online Sale Sites Drive Purchases From Mothers**: A featured article with a "Shopper Engagement" tag, dated Wednesday, 18 April 2012 08:42. It includes a video player and social media sharing options.
- Developments In EMV And Mobile Bring Payment To New Heights**: A "Mobile" article dated Tuesday, 17 April 2012 03:37, discussing payment processing trends and industry mandates.

On the left sidebar, there are sections for "Topics" (Mobile, Store Operations, Cross-Channel Strategies, etc.), "Special Features" (Solution Spotlight, Executive ViewPoints, etc.), "Podcasts" (TouchPoints TV, TouchPoints Radio), "Webinars" (Retail Pricing in A Post-Channel World, etc.), and "White Papers" (EMV Essentials For The U.S. Merchant, etc.). The right sidebar includes "Follow Us" with social media icons, "New on TouchPoints TV" with a video player, "News Briefs" (Alltel Wireless Supports Store Growth with Oracle, etc.), and "Solution Spotlight" (Sandro's SmartVisions Enable Product Video Content Targeting Online Shoppers, etc.).

Panelists

SPEAKER



Hal Hopson
Managing Director
Pitney Bowes Software

SPEAKER



Joe Pindell
Solution Evangelist
Pitney Bowes Software

MODERATOR



Debbie Hauss
Editor-in-Chief
Retail TouchPoints

Agenda

- What is a 360° View
- Why It Is Becoming More Critical
- Putting the Pieces Together
- Trends to Pay Attention to
- Pitney Bowes Software Solutions

What is a 360° View

Some Simple Definitions...

- 360° : complete; all-around
- View : the ability to see something from a particular place

A 360° View of the Customer – the ability to use the best available and most relevant information about each customer to enhance sales, marketing and servicing decisions.

Needs for Customer Data Vary Across Departments

Department

Business Outcome Focus

Marketing

Which offers are most relevant to each customer?
How can we ensure consistency in communications?
Which prospects are most likely to become valuable customers?

Services Team

Which channels does a customer use? Prefer?
Who can I migrate to cheaper channels?

Sales Team

Which customers are at highest risk of defection?
Who would make the most powerful reference?

Product Team

What features do my most valuable customers need?

Risk

Who is a fraud risk?

What is a 360° View

360° Views go beyond the “Simple Profile”:

Past Interactions

- Past Purchases
- Servicing History
- Browsing/Interests
- Preferences
- Influencing Others
- ...

Current Context

- Reason for Interaction
- Channel
- Customer Value
- Current sales discussions
- Life Events
- ...

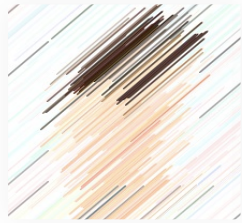
Future Probabilities

- Lifetime Customer Value
- Best Next Action Upsell
- Churn Likelihood
- Likely reaction to offers
- ...

Available and usable across the organization – upon demand

Information Increases As Relationship Grows

First Browsing Interaction



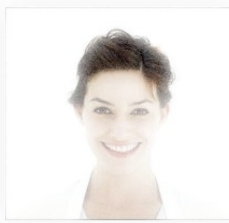
Multiple Browsing Interactions



First Purchase



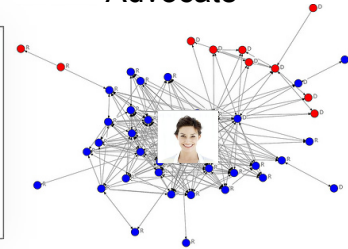
Repeat Customer



Relationship Customer



Networked Advocate



Anonymous

Intimate

Female?
15-25 years old?

Female
Age 22
Buenos Aires, Argentina
Married
Interested in Fashion

Female
Age 22
Buenos Aires, Argentina
Married with 1 child
Online consumer
Rents apartment
Owns 5 year old Toyota
No life insurance
Part time job
Lives 5 minute drive time from store
Match profile of my best customer
Prefers email correspondence

Understanding

In a relationship:
As understanding increases
so do **expectations**

360 View Considerations

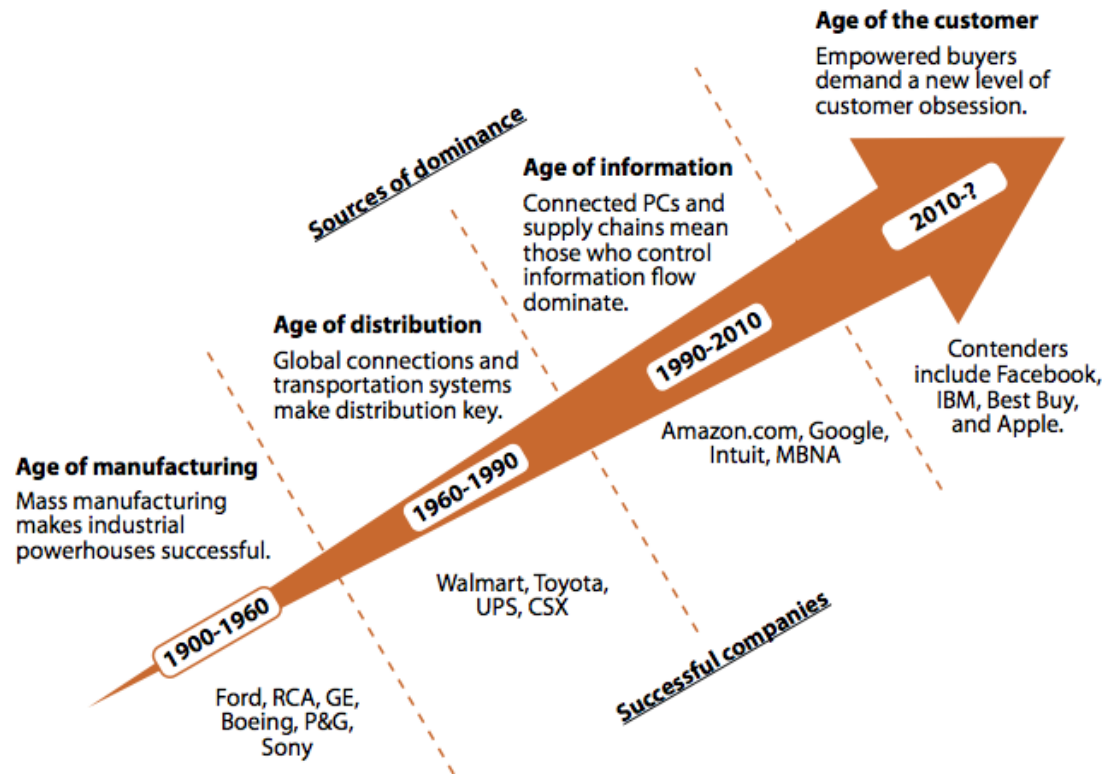
- **Keep the focus on business outcomes**
 - Which data is most important to a particular task?
 - What missing data would be valuable?
 - Are there substitutes we can use to predict/fill-in missing elements?
- **One size doesn't fit all:** Different perspectives are needed for different objectives (sales, service, finance, marketing,...)
- **Don't ignore external data sources:** It's the integration of external sources of data with internal customer data that holds the key to getting a more comprehensive picture of their customers.
- **Create the ability to consistently track individuals through customer lifecycles**

Polling Question 1

Which of these customer data challenges is the highest priority for your organization (pick one)

- Collecting information needed for a 360° view
- Confidence in the 360° view (e.g. timeliness, quality, accuracy,...)
- Delivering actionable information when needed
- Developing accurate predictions of customer need in order to take action
- Deriving relevant context at interaction and using it to guide the interaction

Why 360° View Is Becoming More Critical



“It’s no longer sufficient to be simply “customer-centric” or “customer-focused.” **The only successful strategy in the age of the customer is to become customer-obsessed** — to focus your strategic decisions first and foremost on customer knowledge and retention.

Here’s what we mean:
A customer-obsessed company focuses its strategy, its energy, and its budget on processes that enhance knowledge of and engagement with customers and prioritizes these over maintaining traditional competitive barriers.”

59159

Source: Forrester Research, Inc.

- Forrester

Old tools aren't working

Marketers play a numbers game, celebrating 0.5 percent response rates to shouting style marketing campaigns. This form of marketing is just not ineffective from an ROI perspective; it's plain ineffective.

Marketing 2.0 Bridging the Gap between Seller and Buyer through Social Media Marketing. Bernie Borges

Why 360° View Is Becoming More Critical

Experian Marketing Services surveyed over 2,000 consumers and found **84% of respondents said they would no longer buy from an organization** that did not take into account their channel preference, purchasing history and other customer information.

Overall, 48% of **respondents identified the three cardinal sins of marketing as enough for them to take their business elsewhere**. Marketers trying to sell them something they said they didn't want ranked highest at 52%, followed by **contacting them in a way that they had flagged as unwanted (45%)**, and **offering them products they had already refused (36%)**.

Changing Role of Marketing



“...consumers of all kinds are too smart. They’re not going to get fooled into shilling for a company that manipulates them into it. When the megaphone becomes a shortsighted corporate initiative, it’s gotta fail.

The alternative lies in being authentic. In creating products that are genuinely worth talking about. **In going out of your way to invest in experiences that people choose to share.** Then, yes, by all means, make the tools available. Amplify the happiest fans. But without the kernel of truth, you’ve got nothing but a short-lived packaged-goods campaign.”

- Seth Godin

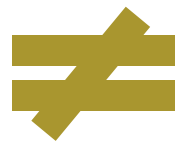
Source: http://sethgodin.typepad.com/seths_blog/files/flippingfunnelPRO.pdf

The “CRM Chasm”

Expectation

- “I’m understood”
- “My business is valued”
- “Promises are kept”
- “My preferences matter”
- “I receive relevant information”
- “I feel connected”

“What customers expect from us”



Reality

- Product-centric campaigns
- Operationally focused
- Information & channel silos
- Independent business units
- Customer ad fatigue
- Limited capacity to engage

“What we actually do”

Virtuous Cycle Driving Demand for Data & Insight

5 billion mobile phones
in use in 2010

\$600 to buy a disk drive that can
store all of the world's music

\$300 billion per year
potential value of big data to US health care—more
than double Spain's total annual health care spend

30 billion pieces of content shared
on Facebook every month

15 out of 17
sectors in the US have more
data stored per company than
the Library of Congress

7 billion people on Earth
by the end of 2011

1.5 million
more data-savvy managers needed to
take full advantage of big data in the US

40% projected growth in global data
generated per year vs. **5%** growth in global
IT spending

140,000–190,000
more deep analytical talent positions

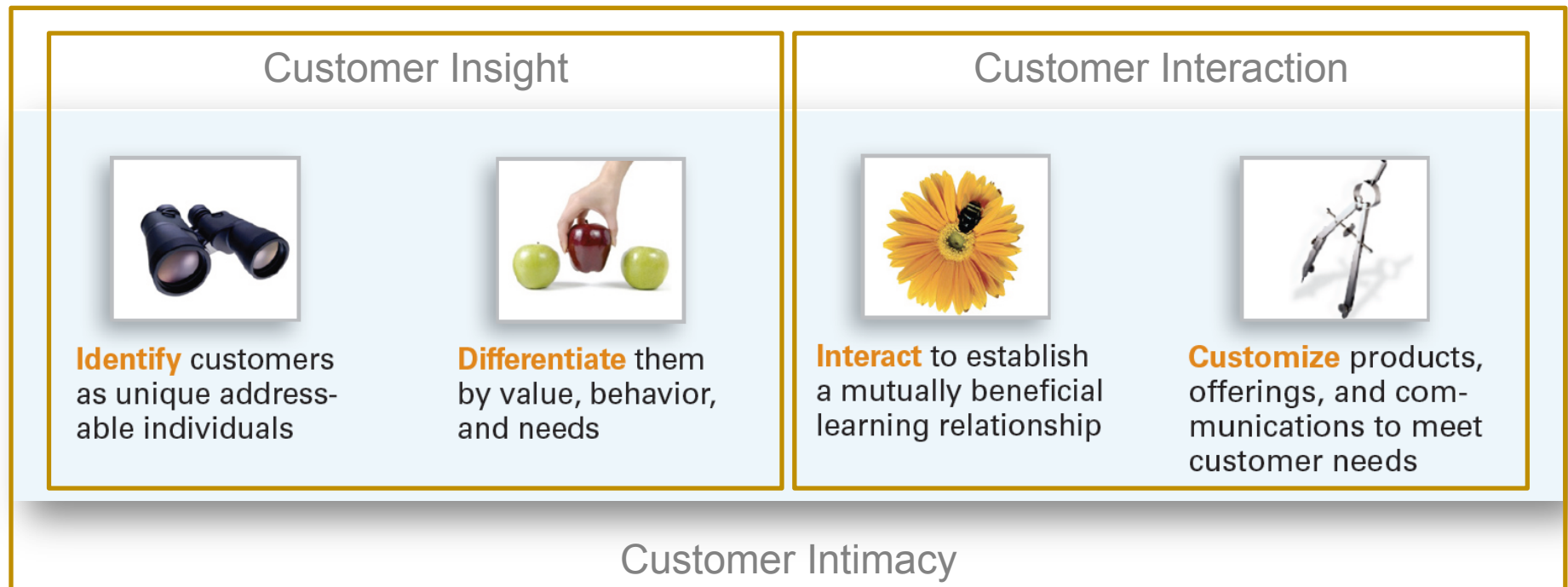
facebook

Big Data -- McKinsey, 2011

December 2010

Achieving Customer Intimacy

Acquiring rich customer insight requires a customer-intimate strategy and supporting technology. How Customer-intimate companies can get closer to their customers:




Target Example (Feb 2012)

HOME PAGE | TODAY'S PAPER | VIDEO | MOST POPULAR | Edition: U.S. / Global

The New York Times Magazine

WORLD | U.S. | N.Y. / REGION | BUSINESS | TECHNOLOGY | SCIENCE | HEALTH | SPORTS | OPINION

How Companies Learn Your Secrets



By CHARLES DUHIGG
Published: February 16, 2012

Andrew Pole had just started working as a statistician for Target in 2002, when two colleagues from the marketing department stopped by his desk to ask an odd question: "If we wanted to figure out if a customer is pregnant, even if she didn't want us to know, can you do that?"

RECOMMEND
TWITTER
LINKEDIN
COMMENTS (571)

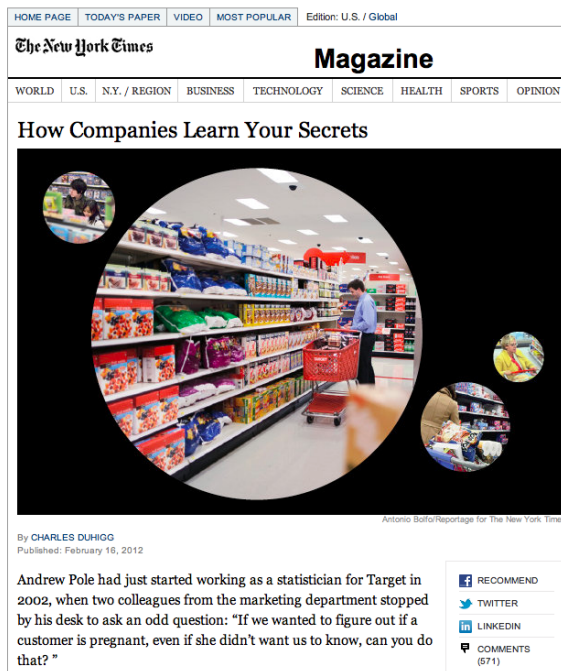
Program Objective

Incent prospects to change buying behaviors (through coupons) at critical life event (having a baby)

Key Dependency

Ability to predicting/infering "due dates" based on customer interactions

Target Example (Feb 2012)



360° View Elements

- Assign all prospects/customers a unique identification number (Guest ID)
- Link interactions to specific customers over time
- Infer future needs from more complete customer info (Baby Registry)

Pregnancy Predictor

- Target identified 25 product sales that can be used to predict due dates within a very small window.

“Soon after the new ad campaign began, Target’s **Mom and Baby sales exploded.** “

Polling Question 2

Which of the statements below describe your organization (select all that apply)?

- Customer data exists across multiple silos and is hard to integrate
- Big gaps exist between the customer data we have and what we need
- Our customer data needs to be more reliable
- We don't pursue a formal customer intimacy strategy
- Data is a strong asset and the foundation of our customer strategy

Barriers to Realizing Accurate, Timely and Complete Data

Business Issues

Ongoing mergers and acquisitions

Data quality problems, lack of ownership

Heterogeneity of operational IT applications and data fragmentation

No "closed loop" between operational and analytical

Technology Issues

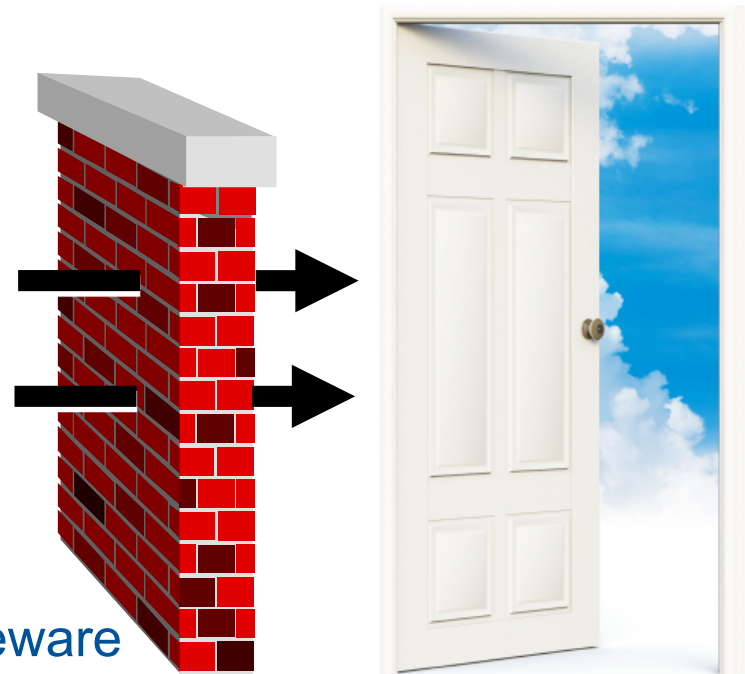
Organizational politics and operational silos

Lack of sponsorship and business case

Data marts helped, but didn't fully solve the problem (and some created new problems)

Poor middleware infrastructure; data movement is too slow and data is too old to use

The "single version of the truth"



Which Leads to...

WASTE

Analysts spend 30% of time fixing data defects

\$\$\$\$\$

Ineffective data maintenance costs millions each year

RISK

Inadequate data controls enable fraud

LOST REVENUE

Opportunities missed due to erroneous or untapped information

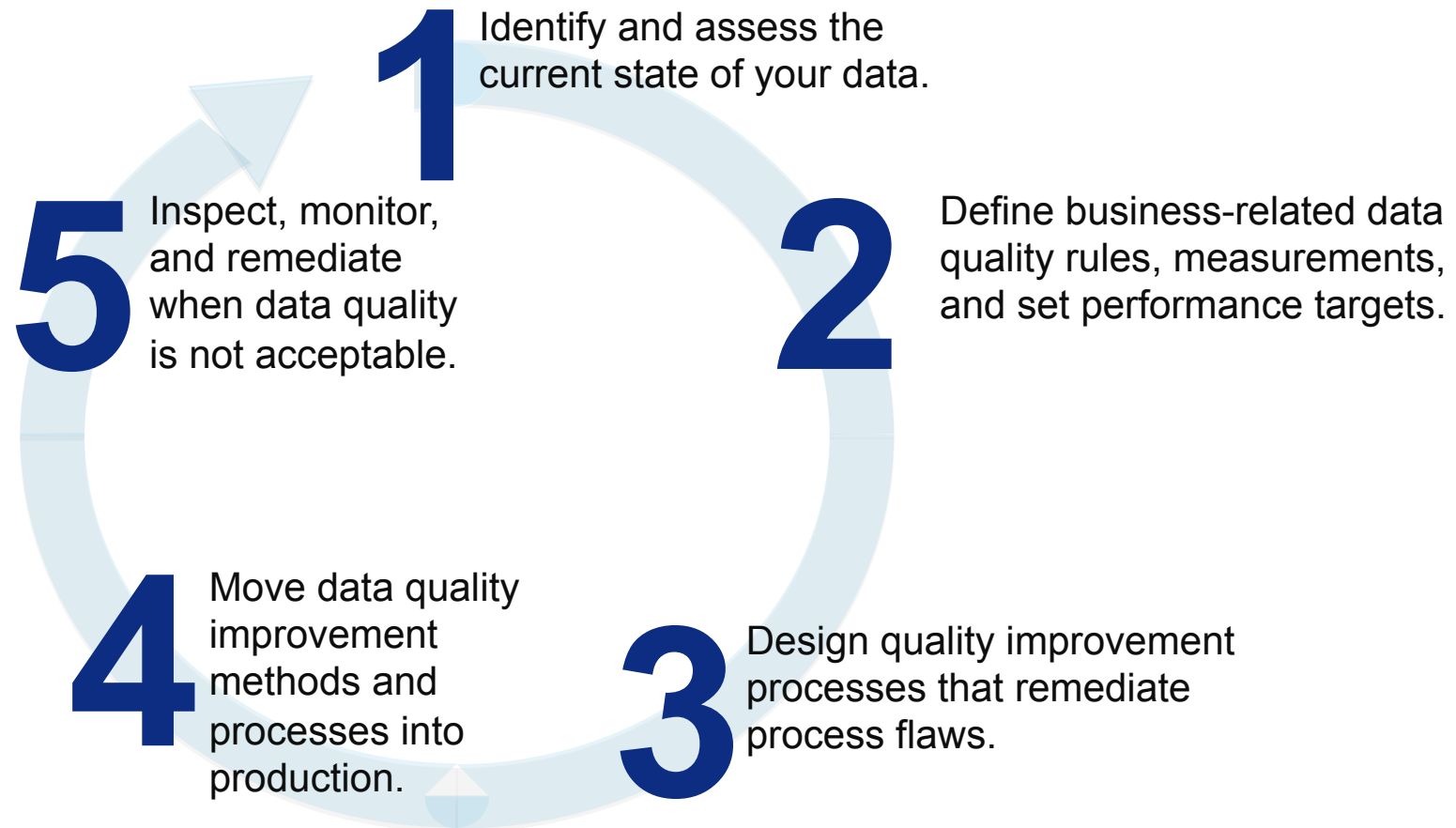
Proper Data Governance is an organizational endeavor requiring leadership, commitment and defined processes.

Enterprise Data Management (EDM)

Concept that focuses on the ability of an organization to precisely define, easily integrate and effectively retrieve data for both internal applications and external communication.

Umbrella term for the processes and technologies that help govern enterprise data.

Proper Data Management is an Ongoing Process



Identify and Assess



quality | patterns | relationships

Define Rules and Set Performance Targets



What sources contain the best customer data?

What information do each of the groups need to know about their customers and why?

How do we know our data is in fact good or bad?

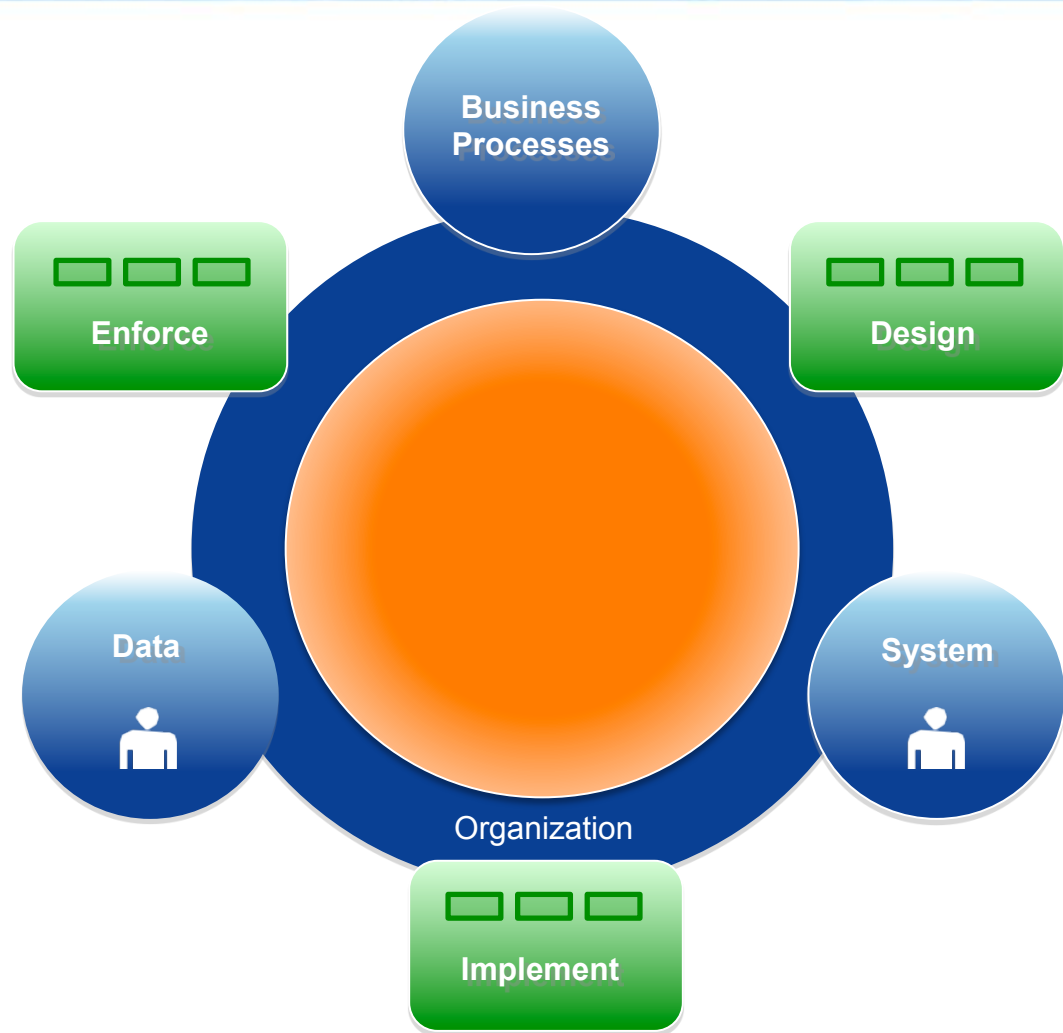
Do the current systems produce data that is within business parameters and if not, what will it take to change it?

agreement | understanding

Design and Deploy Quality Improvements

Who can take what actions with what information:

- *when?*
- *under what circumstances?*
- *using what methods?*



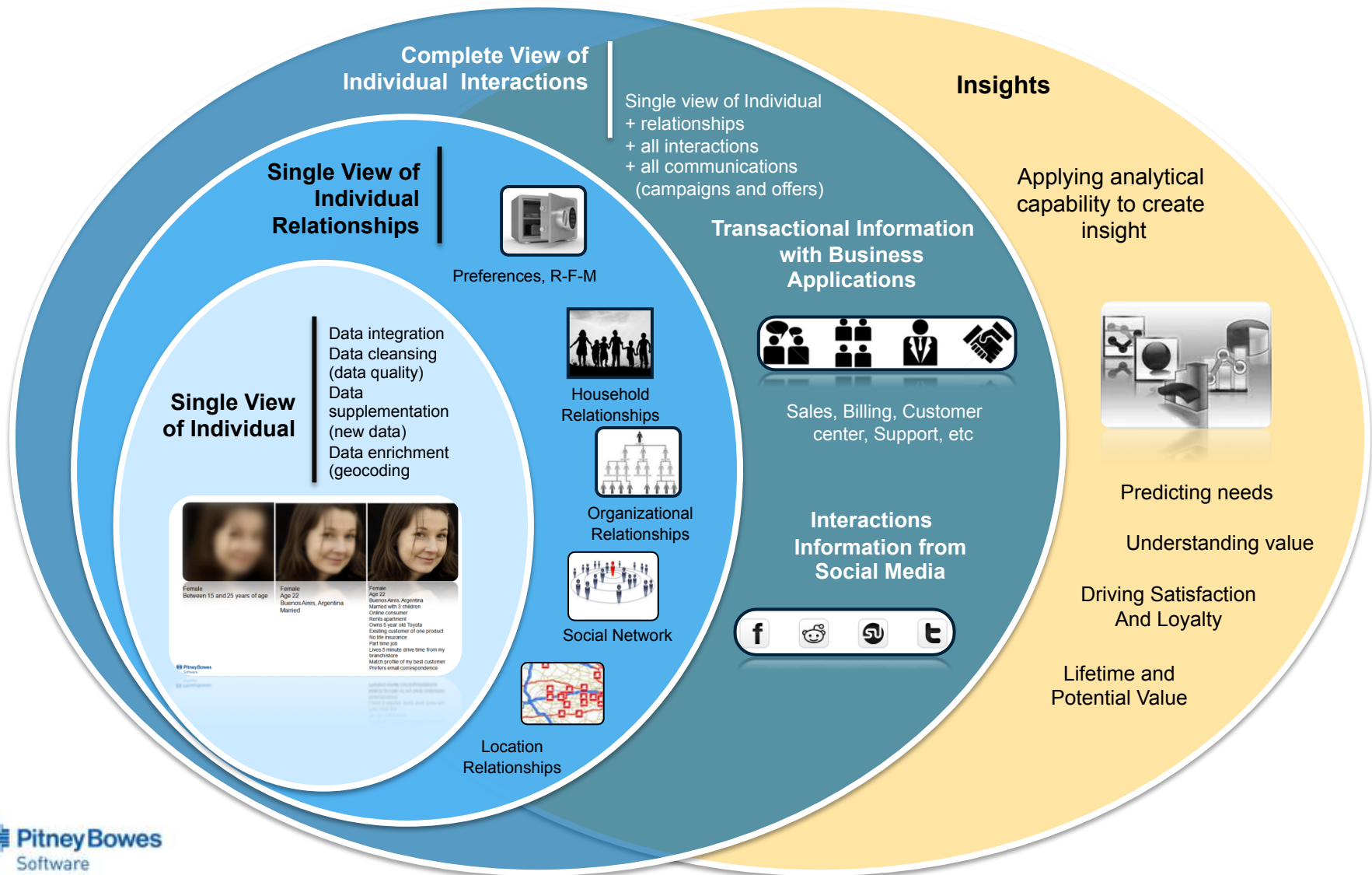
ownership | remediation | action

Monitor, Report and Adjust



inspect | validate | adjust

A Strategic Foundation to Relationship Insights











Trends

- **Data Ownership**
 - Customer Ownership of Data
 - Privacy Concerns
 - Data Integration - Moving Away from Single Database
 - Social Data
 - SOA processes
 - Renewed collaboration between IT and the business
- **Understanding True Value of Data**
 - Mobile Experiences and Customer Data
 - Influence and Social Network Analysis
 - Data Governance
 - Global Data Quality
- **Increasing Consumer Expectations**
 - Smarter Analytics – Uplift
 - Real-time data integrity and Inferred Context
 - Third-party enrichment
 - Location Intelligence

Customer Ownership of Data

“major websites are moving to limit the number of tracking technologies spreading on their sites, hoping to keep lucrative data about visitors for themselves—and avoid privacy risks.” *The Wall Street Journal*

								
Name	✓	✓	✓	✓	✓	✓		
Email	✓		✓	✓	✓		✓	
Nickname	✓	✓	✓	✓	✓	✓	✓	✓
Photo	✓	✓	✓		✓	✓		✓
Profile URL	✓	✓	✓		✓	✓		✓
Birthday	✓		✓		✓	✓	✓	✓
Gender	✓		✓		✓		✓	✓
Location	✓	✓	✓	✓		✓		✓
Social Graph	✓	✓	✓	✓	✓	✓		✓
Add'l Profile	✓	✓	✓	✓	✓	✓	✓	✓

Mobile Experiences and Customer Data

Connected Loyalty Programs - Sears

“Shoppers who “check in” to the Woodfield Mall store using their smartphones are now sometimes greeted by Sears employees, who find them via the global-positioning systems on their devices and steer them to the flat-screen televisions and Kardashian Kollection jeans they ogled earlier online.

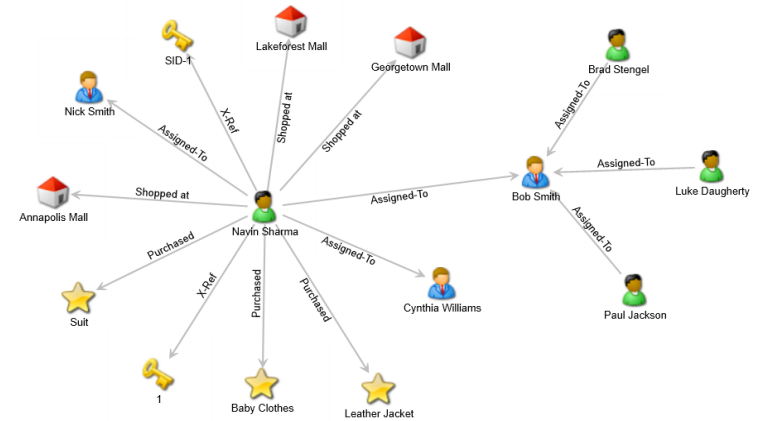
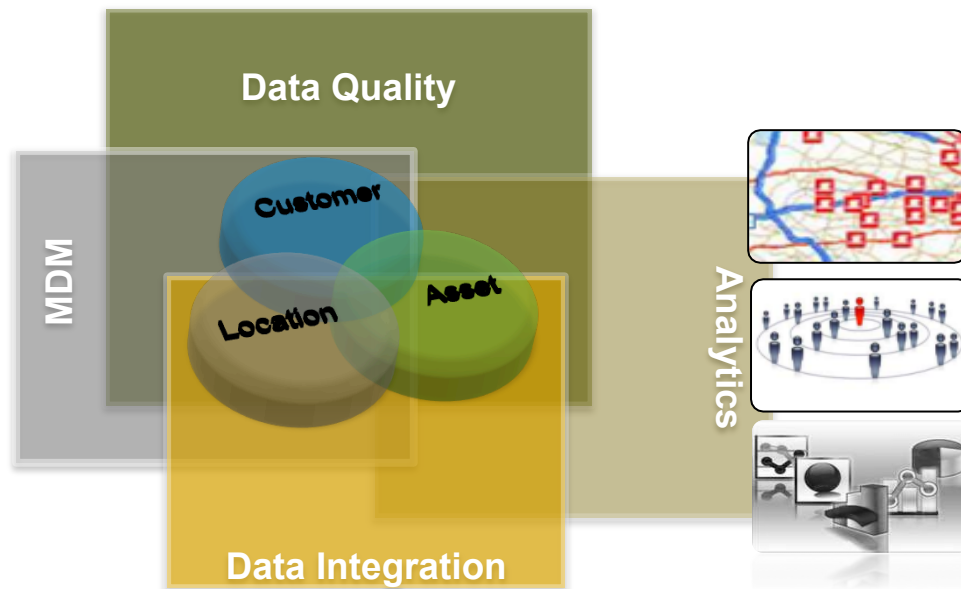
Sears wouldn't disclose how many customers have signed up to Shop Your Way Rewards, although a spokesman put it in the “tens of millions” after loyalty-marketing firm Colloquy estimated 50 million.”

Online WSJ, March 2012



Influence and Social Network Analysis

PBS Data Quality Solutions



Unique approach using nextGen technology – Graph Database & Social Network Analysis

"This is more intuitive than relational. I think that this can be disruptive"

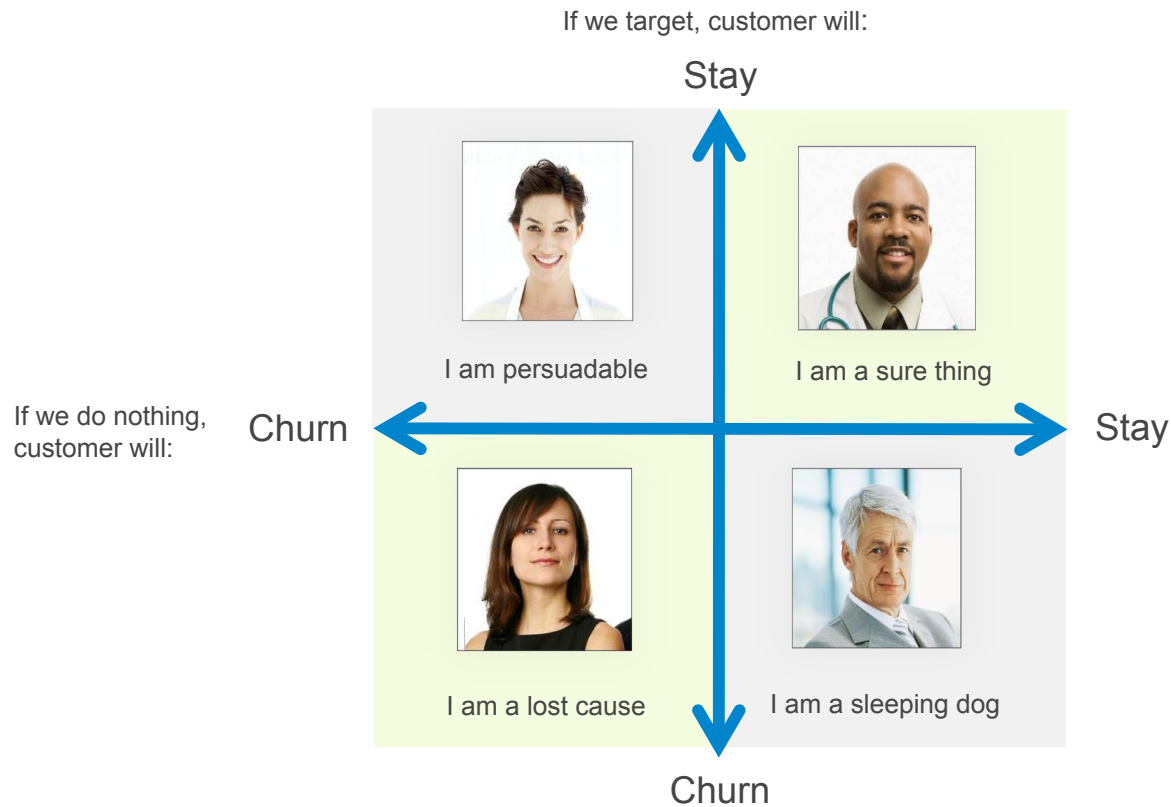
Bill O'Kane, MDM Research Director, Gartner – Strategy meeting with PBS, March, 2012

"We share the view (with Gartner) that the graph model will be disruptive..... Upon launching Spectrum 8.0 with a repository by June 2012, you will then very much have a competitive product with Informatica and IBM"

Accenture, Information Management Practice Leader, May 2012

Smarter Analytics – Uplift

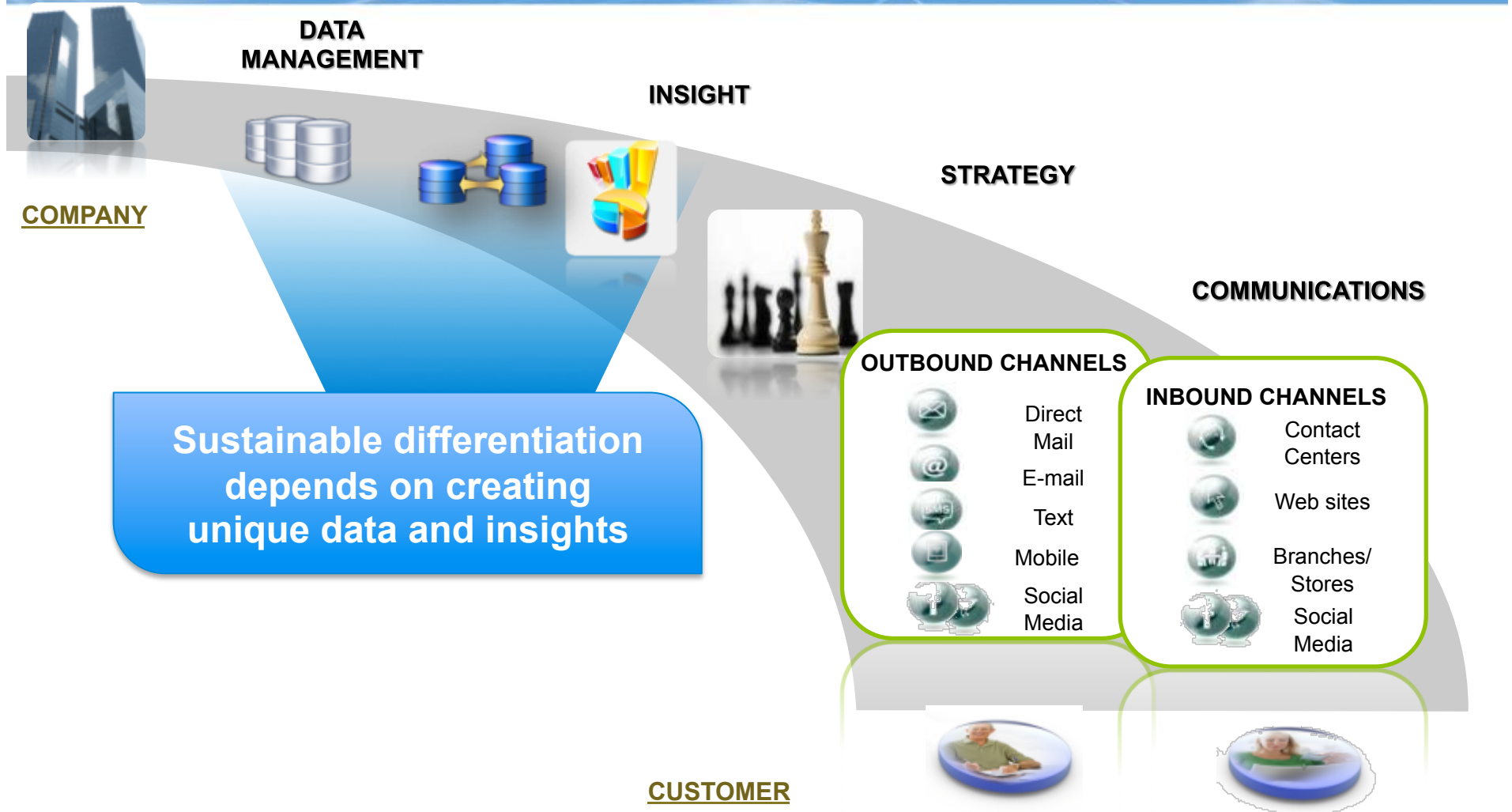
Optimizing marketing spend



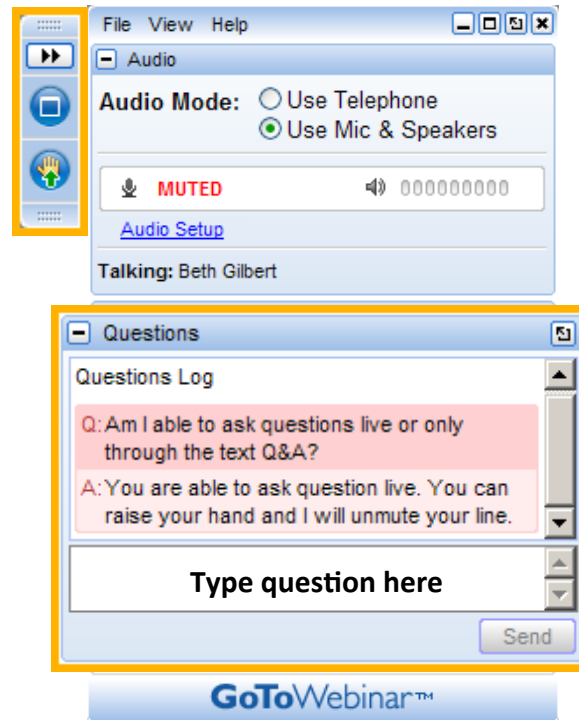
A few of our customers



Pitney Bowes Software – Enabling Lifetime Customer Relationships



Q&A // Submit Your Questions



Q&A // Contact The Panelists



Hal Hopson

hal.hopson@pb.com



Joe Pindell

joe.pindell@pb.com