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EBOOK

Working step by step to increase customer satisfaction and boost growth with customer analytics

Table of contents

Introduction	3
Analytics boost sales	4
Monetise the value of data with the RFM model	4
The RFM model ranks customers based on three factors	5
Use insights for personalised action	7
Overcome challenges and start small	7
Cegeka brings momentum with building blocks	8
Calculate your case with the Business Calculator	9
Empower customer analytics with human review	9
Want to know more?	10

Introduction

If you want to stay ahead of your competition in 2023, customer analytics is the first step. Customer analytics gives you deeper insights into your customers so you can take more targeted and efficient revenue-boosting actions. This means you can approach customers in a more personalised way, with just the right message, at just the right time. Plus, as a data-driven organisation, you can reap operational benefits too. Explore this ebook to learn more about how to improve your results simply by using existing customer data.

More and more organisations are beginning to realise that they are sitting on a potential goldmine of data.
So it's no surprise that investment in customer analytics is increasing rapidly, currently by around 20 per cent per year. This market sector is expected to be worth $29.8 billion by 2026. There's often plenty of customer data contained within CRM systems and web shop software, but unexpected sources including emails and social media posts can also yield lots of valuable information. And that's not forgetting the treasure trove of data that is customer services.

Analytics boost sales

Combining information sources and analysing data with smart systems yields actionable insights that give you the edge. After all, technology can process large amounts of data much faster than a human. This means things start to change. With all these insights you work less with feelings and instead base your business decisions more on facts.
Forbes research shows that this really works. Companies where employees have access to all the data, they need to do their jobs are forty times more likely to report that analytics has increased their revenue, compared to their counterparts without access to analytics.
Meanwhile, there is another trend driving investment in analytics: unprecedented scarcity in the labour market. There is no longer a single industry that has remained untouched by this issue. By adopting data-led, insight-driven practices, you can achieve better results with the same number of employees.
This is especially true when you can predict developments thanks to models fed by big data. This means instead of reacting to trends, you proactively respond to them. This also helps optimise and speed up business processes and reduce operational costs.

Monetise the value of data with the RFM model

Many organisations struggle with the question of how to monetise value from their data. Segmenting your customer base, for example, is one way to get quick results, and the RFM model is ideal for this purpose. This is a common model in the marketing world, based on the 80/20 rule. This states that 80 per cent of a company's revenue comes from the top 20 per cent of their customer base. The premise is that it's easier to sell more to customers with whom you have already built a good relationship, rather than to acquire new customers.

The RFM model ranks customers based on three factors:

Recency:

When did someone make a purchase? If a customer has bought from you recently, your brand will still be at the forefront of their mind, and they will be more likely to buy the product or service again. They may even be willing to make other purchases from you.

Frequency:

How often did someone buy something in a given period? Chances are that a person who has successfully previously bought something from you will be satisfied and wish to remain a customer.

Monetary:

How much money did a customer spend in a given time frame? Customers who spend large sums of money are likely to be willing to continue doing so. These customers are of great value to your business.

By combining these factors, you can discover how committed someone is to your business. Eventually you will arrive at a list like this:

Champion Bought recently, buys often, spends most.

Loyal customer Buys regularly and spends a lot.

Potentially loyal customer Bought something recently, for a fairly large amount, and buys often.

New customer Made their first purchase recently.

Promising Bought something recently, for a low amount.

Needs attention Scores average on R, F and M.

Sleeper Scores low on R, F and M.

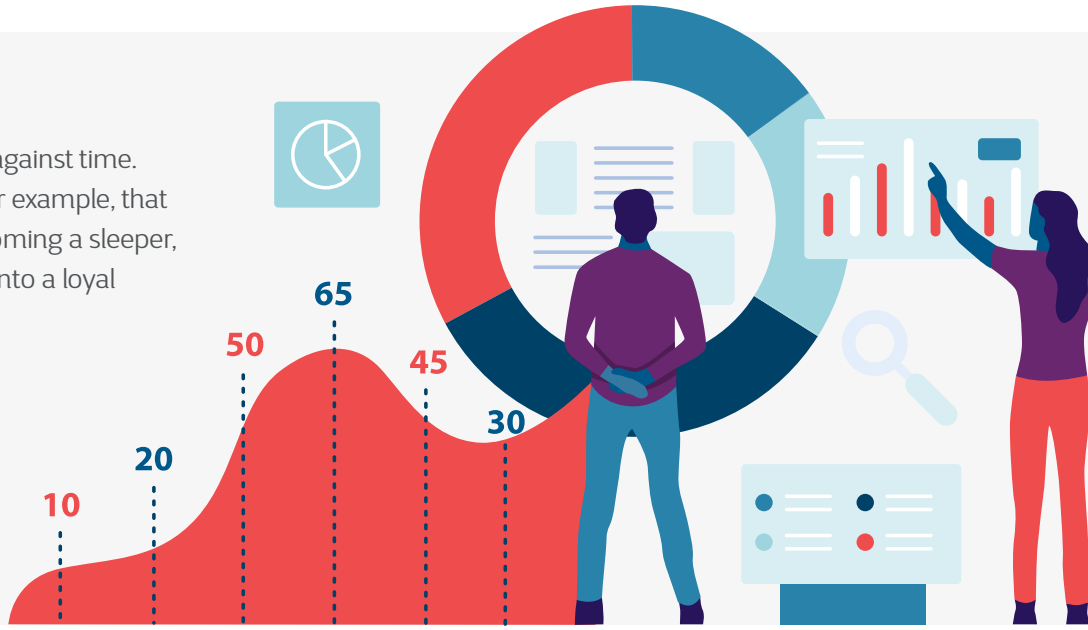
Potential leaver Used to spend a lot of money often but has not done so for a long time.

Too valuable to lose Often made big purchases, but hasn't been heard from for a long time.

Hibernator Last purchase was a long time ago, with low spend and few orders.

Departed Lowest scores on R, F and M.

You can also plot these factors against time. You can then see at a glance, for example, that a champion is in danger of becoming a sleeper, or that someone is developing into a loyal customer.



Use insights for personalised action

This kind of insight helps you take more targeted action. Whereas before you might have sent everyone the same shotgun blast message, now you can decide that it's time to have a good conversation with a promising customer, or to wake up a sleeper by sending a discount code. You may be able to prevent a customer's departure by sending a newsletter. You can even do this automatically, which saves time.

You can also recommend certain categories, with the technique familiar from B2C websites: 'others also bought this product'. This makes it much easier for you to grab cross-selling and upselling opportunities.

Overcome challenges and start small

In many organisations, there's relevant customer data residing in multiple standalone sources: in a CRM or ERP system, in customer services software or in marketing automation tools. These data siloes make it difficult to combine, for example, demographic data (name, address, age) with historical data on purchases and interactions. Making this data transparent in the right way is a challenge.

Getting data quality right is also a challenge for many organisations. Most CRM systems today store data consistently. As a result, they can quickly be used for models on which artificial intelligence-driven applications are based.

But it is always possible that certain fields have been left blank or filled in incorrectly, making outcomes less reliable.

This means it's wise to start small. First, do a trial with a limited amount of data. You will soon see if you are getting the insights you are looking for. If that turns out to be the case, then you can scale up. This cautious approach prevents disappointment. Nothing is more annoying than making a big investment in something that does not yield the desired results.

Cegeka brings momentum with building blocks

Cegeka is an organisation with extensive knowledge and experience in the field of customer analytics. We can help you get your data quality in order. Because we work with building blocks that we have developed ourselves, we can deliver value quickly. Specifically, this means that we apply code for algorithms and analytics to your data. We also use dashboard templates that we set up based on your requirements. All this means you get the insights you need.

Key customer analytics building blocks include:

360-degree customer view

See all the data already available, in your CRM, web shop or on social media. With the most complete customer profile possible, you can respond faster to changing needs.

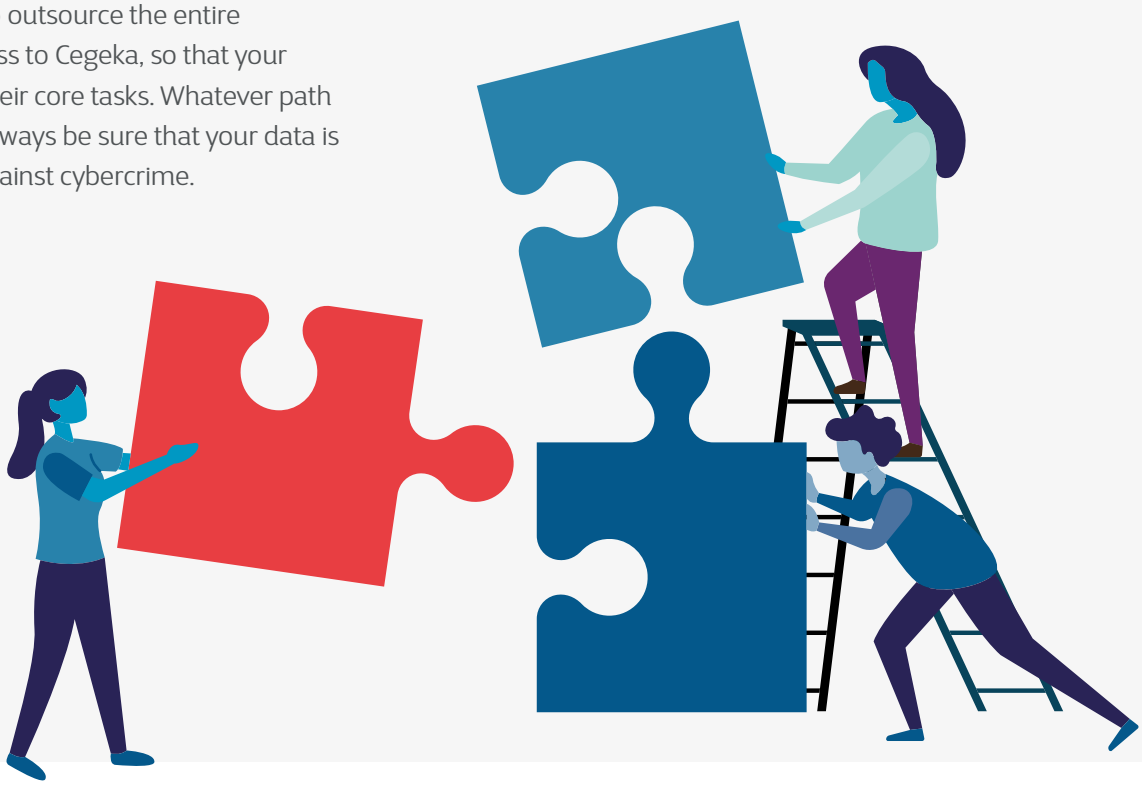
Segmentation

Understand which customers are most valuable. This helps you take the right actions and determine how best to use your employees' time.

Repurchase analytics

Approach the right customer, with the right message, at the right time.

Cegeka can help your IT department present all this data in a visually attractive (and above all, understandable) way, via a dashboard. Of course, you can also choose to outsource the entire implementation process to Cegeka, so that your people can focus on their core tasks. Whatever path you choose, you can always be sure that your data is optimally protected against cybercrime.



Calculate your case with the Business Calculator

But Cegeka can do even more to set you on your feet: like helping you draw up your specific business case. What exactly do you want to know about your customers, and what do you want to achieve? We can help you work through every detail. How much profit growth can you achieve through savings? How much through customer retention and through cross-selling and upselling?

Empower customer analytics with human review

Before we conclude we should note that, apart from starting small and proceeding incrementally, there is one more important prerequisite for success: including the people who will be working with the dashboards in the change process from the very beginning. Make sure they are convinced of its usefulness and necessity. Make sure that they can interpret data visualisations correctly. And make sure that they know what actions they can take.

It's important to remember that analytics, artificial intelligence, and algorithms are just tools - computers are not taking over from people! The dashboard does make all kinds of statements, but these are only a guide. Ultimately it takes a professional to assess the output and determine what needs to be done to extract as much value as possible from the data.

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Want to know more about customer analytics? Need help?
Then visit www.cegeka.nl or contact us.

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