Architecting Customer Experience for Relevance, Timeliness and Significance

Focused marketing strategies and processes ensure world-class, enterprise-wide, customer-driven dialogues – and meaningful results.

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The technology-enabled practice of one-to-one marketing has evolved from theoretical discussions about how firms might achieve more targeted communications to present-day practices with brand-driven marketing instituted in customer management. Companies that lead the pack in customer management are transforming processes swiftly and investing in sophisticated technologies to implement new strategies that engage customers in high-value experiences that benefit both sides of the economic relationship.

The hallmark for this is derived from the largely unreported successes of innovative firms, not the widely reported failures and misguided attempts of conventional CRM practitioners. Many marketers have incorrectly assumed that by purchasing CRM tools and products with some technological consulting, new customer relationships would skyrocket revenues. The true “secret” to increased revenues is a focused strategy that starts with superior quality of customer information and interactions, and utilizes very detailed and continuously captured data to build a more credible customer knowledge base to drive meaningful experiences. Some companies learn the secrets of achieving incredibly high return on investment and cultural change that benefits all.

As consumers, our experiences, not just the individual transactions – positive and negative – are what we remember in the context of our business relationships. We make conscious or subliminal decisions whether to repeat the experience and extend the relationship – or look elsewhere. Therefore, the “customer experience” can drive further gratification for us and economic benefits for those we patronize.

In The Experience Economy (Harvard Business School, 1999), authors Pine and Gilmore wrote, “Experiences are events that engage individuals in a personal way … and the value of the experience lingers in the memory of any individual who was engaged by the event.” The authors discuss the idea of plotting, charting and expanding on the economic value of customer experiences – referring to customers not as buyers of goods and services, but as “buyers of experiences.”

At the same time, Bernd H. Schmitt coined the term “experiential marketing” (in his book of the same name) and forecasted: “The degree to which a company is able to deliver a desirable customer experience – and to use information technology, brands, and integrated communications and entertainment to do so – will largely determine its success in the global marketplace of the new millennium.”

More recently, former Nike and Starbucks supermarketer Scott Bedbury wrote in his book A New Brand World (Penguin, 2002), “A product is no more than an artifact around which customers have experiences … And brands will be defined by the sum total of those experiences, rather than the products or services themselves … We must now pay more attention to the consumer experience.”

In addition to these marketing thought leaders, analyst firms have emphasized the growing importance of customer experience management. So the subject is not just about software, but about analyzing and using customer knowledge.

What’s been latent over the years is a focused discussion of the psychological dynamics of the positive customer experience deliverable by specific types of analytical and database technologies. Based on lessons learned over nearly three decades of experiences and knowledge, there are three fundamental dimensions of a positive customer experience that result in tangible economic value: 1) relevance, 2) timeliness and 3) significance. These fundamentals would apply in a B-to-C, B-to-B, even B-to-B-to-C communications or marketing “value chains.”

The Importance of Relevancy

When it comes to creating offers for individual customers, the message must, above all, be relevant to the individual. Knowledge theorists refer to relevance as a goal-directed phenomenon that pertains to needs and motives. Translated for marketing purposes: an offer must have a clear connection to an individual’s current needs, interests or preferences.

Understanding customer relevance is important because it is correlated directly to economic value. Figure 1 illustrates a progression of types of marketing activities and their value levels. As personalization and relevance rises so does the value to the customer and the firm. Furthermore, the utilization of more than one channel of marketing/communications, especially when synchronized with other channels, provides the best (or ultimate) opportunity for value-based success and monetary results. This has also been documented by Forrester Research in papers that highlight the exponential results to a factor of 5:1 or 10:1.

Figure 1 also underscores the importance of relevance in customer communications. Relevance contributes to economic value. In a dynamic, commoditized and competitive world, companies need to invest in optimizing customer relevance to then optimize economic value in their communications, products, services, processes and
It’s About Timeliness

Timeliness ensures that the right message is getting to the right customer at the right time. An offer or message may be relevant with regard to a customer’s interests, but if the offer is sent a day after the customer has made a similar purchase, then relevance in itself falls short. A message sent too early or too late to engage a customer is a wasted investment in that customer. So when is the right time? Is it “real time”?

The expression “real time” is ubiquitous in the world of information technology and has many dimensions, suggesting very short (usually sub-second) time frames that may not be accurate when considering that “real time” should or could actually be “right time.” Traditional marketing hype is that real-time responses are the ideal. However, is a real-time response always best? What is meant by “real time”? Does it mean calculation “in session”? Does it mean real-time delivery of a message when a customer initiates contact? Does it mean instantaneous response?

An opportunity to engage a customer with a relevant offer or message at the right time has a higher chance of acceptance and positive response than relevance alone. Often the right time can be ascertained through the use of event rules and triggers that send an alert to a marketer or customer-facing agent (or even directly to the customer) for response or follow-up. The rule or trigger for the alert may be anything the business chooses it to be – from an unusually large cash withdrawal from a bank, a complaint with a retailer, a search on a business website for a product or offer or price, or a personal anniversary (e.g., birthday, marriage, graduation, home move, retirement, etc.).

For example, imagine that your flight into Chicago is more than an hour late and you have missed your connecting flight to Houston. There is one last flight to Houston that evening, but there are only three available seats for the 10 people on your flight who missed the same connection. How will those three remaining seats be allocated? The seats most likely will be given to those who run the fastest, complain the hardest to the local gate agent, or get on their cell phones most quickly to the reservations center.

With advanced customer management capabilities on an enterprise data warehouse, an airline representative can quickly analyze the options and make an offer to the most deserving customers – in near real time. This is an example of a real situation where an airline can connect between its corporate or CRM strategy and its actual execution.

Significance Must Be Personal, Compelling, Actionable Messaging

When a marketing offer is both relevant and timely, the third dimension – and one which separates the offer from all other relevant offers – is whether or not it has great meaning and value to the prospective customer. A relevant offer, and even a timely one – may not stimulate a response. However, a significant offer can be relevant and timely, but also is an offer where the value proposition is uniquely personalized and compelling. A significant offer or message prompts positive action – resulting in economic value.

Numerous industries have begun developing relevant, timely and significant offers. In banking, an example would be a lower interest rate offer for the best (and lowest-risk) customers on present loans (when interest rates suddenly change). Or in the travel industry, it would be a specific vacation offer sent after a customer has expressed passing interest several times, but has now accessed the Web page looking for the vacation details – flights and other specifics.

In the insurance industry, it would be the packaging of an integrated multiple policy offer when a customer moves from one city to another, priced on individual risk from a vast knowledge base for this unique customer, correlated to other similar customers (not just in segments, but by behaviors, financial data, local economics, payments and other factors).
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In retailing, the significant message may best be sent during interaction with customers at the time they are purchasing a home – providing full contracting services for carpeting, drapes, digital and fiber optic video wiring, selected audio-visual and personal computing devices or games, furniture for entertainment rooms, and even security systems installation and ongoing services. These strategies and actions include a package price uniquely tailored to individuals – while ensuring high-quality customer service and performance.

Synchronization and flexibility are obvious requirements for the significant messaging process in terms of best practices. Knowledge and learning would be continuous with regard to communications, packaging, pricing, reactions and profitability economics.

Customer Experience Optimization: Success Is in the Details
To architect customer experiences for optimal relevance, timeliness and significance, the selection of the right IT tools is critical. The business must gather every possible detailed piece of customer intelligence from across the enterprise – wherever the customer has interacted, and store it in a centralized repository for rapid, easy access and use. The most advanced systems analyze customers from both internal (all transactions and behaviors) as well as external viewpoints (demographics and credit scores) – including intelligence that facilitates smart decision making.

Today’s consumers expect the businesses they patronize to remember them, remember their past interactions, and know their value. Customers have little patience for inconsistency, and want speed as well as good service. They have become accustomed to the instant gratification of ATMs, online point-and-click shopping, plus shopping and buying from mobile phones. Recently, some firms have offered known customers cross-selling opportunities (of previously non-purchased products) at ATMs and kiosks and on cell phones.

Cross-Organizational Integration of Information Resources
Whatever customer management software tools that marketers acquire and implement, they will need to be fused deeply across the enterprise to bring together all of the organization’s data into a single repository for a fast and up-to-the-minute view of every customer. This DW is no longer just a database used only for reporting or queries. It is becoming active enterprise data warehousing (ADW/EDW) for cross-organizational data integration, transformation of the data into information, new analyzing and modeling to create intelligence, and actionized right-time decision making (or marketing).

Moreover, to architect peak customer experiences, the EDW must be able to support hundreds or even thousands of business users, linking business intelligence from both traditional analytical applications and new operational applications. This means integrating historic data with fresh data captured from real-time actions – in order to push actionable business intelligence to front-line, customer-facing representatives – across the company, whenever they need it, on demand.

Again, for businesses that adopt a customer-focused strategy, interacting with customers based on relevance and timeliness is reaping enormous rewards. To do this, companies need intelligence from across the enterprise to understand and prepare for what customers want. Not just any CRM solution can help them get there.

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**Figure 2:** Focus Points and Tenets That Drive Business Value and Optimal Customer Experiences
It will take leading-edge customer management tools that fully exploit the power of an EDW.

To achieve the optimum results, one must concentrate on five points – and the key tenets for achieving greater customer loyalty, satisfaction, interactions, trust and economic value. Figure 2 maps out these points – which, when aligned, deliver peak customer experiences.

**The Future of Technology, People, Communications, Action**

Today’s leading companies continually seek to enhance their capabilities to achieve new levels of productivity, profitability, customer satisfaction, performance management and best practices (and processes) to drive growth and profitability. After reviewing hundreds of requirements and understanding the advancements in technology, we’ve developed some additional business and marketing benchmarks when seeking new automation of technologies for customer management activities. These capabilities would be part of an advanced state-of-the-art customer management portfolio:

- **Role-based or “persona-centric” business interfaces:** A “persona-based” user interface design should accommodate and support user actions in the process and work flow. This type of system should enable a broad range of business users, such as marketing executives, campaign managers, and channel personnel. These role-based functions tie together specific activities, analytics, presentation screens and navigation guides that assist in the entire process and assist the “persona” in the tasks and the individual responsibilities of the marketing and customer-serving teams.

- **Automated customer contact process management:** To help companies manage the flow of marketing activities, automating CRM processes enables managers to define rules to trigger automatic execution of multiple steps in an extended customer-dialogue process, enforce approvals and hand off various kinds of notifications and alerts. Present and future CRM tool sets must allow companies to define rules that automate decision making on important issues, such as which communication channel or customer relationship to use, or which type of offer to make to the customer. Evaluating and understanding the rules by evaluating and changing the rules will become a hallmark in advanced analytical marketing.

- **Integrated analytics and customer communication tools:** To create a sustainable competitive advantage, a business must master leading-edge intelligence tools that raise its organizational IQ to peak levels. Using highly integrated data provides new opportunities for discovering new, value-adding activities and taking immediate action.

- **Integration of analytics and operational data:** One of the best approaches to driving best practices is to bridge the operational and analytical customer management environments, providing access to all customer data where it’s needed – at the customer touch points. Multichannel management tools should provide connection and consistency across all customer-facing channels. This is known as synchronization and drives relevancy. Advanced marketing systems provide connection adapters to easily integrate new touch point systems. Email and self-service delivery options could extend consistency to self-service channels. Newer real-time scoring and rules engines are providing operational decisioning, complementing the deep analytics in the data warehouse. This capability could deliver an offer to the call centers, a store, a personal banker or a self-service device such as a website or ATM. It would integrate, through any channel, and capture a response as a result of that communication with the customer, potentially driving follow-on activities or communications. This knowledge and process can also be stored and reutilized (similar to rules) during work flow management.

- **Contact Optimization:** Ideally, automated business rules should monitor and manage the communication process to assist in the selection of the best offer to deliver to each customer. Optimizers know how often and precisely when each customer receives an offer, and the best channel for each communication. Optimization models and rules should provide evaluation of the best communication practices to use with a customer, such as the best prospects for every offer, the best offer for every prospect, and the best channel for every communication. (This action goes far beyond “scoring” or “take rate” statistics of past offers or contacts.) Delivery of these new offers would be managed through a set of channel optimization rules to ensure that channel cost, customer preference, business needs and strategy, and channel capacity are managed together. Other optimization rules would determine what types of offers or messages could be delivered when – in order to minimize excess contact while ensuring that only the best offers are delivered to the best prospects at any given time.

Summarizing the most productive types of tools for customer management teams: The best tools and best practices should enable companies to enhance the processes of attracting, acquiring, serving and retaining customers. The impact has been quite significant: for improving service levels, creating value-added services, growing customer relationships, gaining competitive advantage, and realizing significant business and

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financial benefits. That is exactly what every customer-facing enterprise wants and needs.

**Case Example: Westpac Bank**
Westpac, based in Australia, provides banking and financial services for nearly 8 million personal, business and institutional customers in Australia, New Zealand and the Pacific region. It operates more than 1,000 branches and agencies, has offices in key financial centers around the world and employs more than 26,700 people.

Fernando Ricardo, Westpac's CRM visionary principal business driver, was determined to design his business initiatives by first defining “peak customer experiences.” (He had learned and experienced a similar approach while at National Australia Bank.) His plan was to agree with peers on what the ultimate customer experience should be, and then build around the scheme of core customer experiences that would best benefit the bank – with the corresponding tools and systems to make them happen.

He began with a goal to provide Westpac’s staff with better information about customers. Such information would allow staff to proactively approach customers as well as reactively satisfy their needs. As Ricardo puts it, Westpac wanted “to provide the right tools for our staff to better service customers and have relevant conversations with them.”

The bank's CRM initiative, Program Reach, gives bankers concrete information about what customers need, enabling them to offer to customers the right kinds of products and services rather than blindly suggesting something. Mr. Ricardo has described his approach to customer management and the technical capabilities he believes help architect optimal customer experiences.

“You don’t want to be offering credit cards to young teenagers or to someone who already has two or three of your credit cards,” Ricardo explains. “But if you have a home loan with us and you don’t have insurance, it makes sense to talk to you about insurance.”

A key strategy was to define an active analytical set of leading technologies which became the heart of the cross-channel, integrated customer management and event-based customer-driven dialogue system based on an integrated data warehouse. This was required because most banks around the world actually do not have a single view of their customers and cannot determine and act upon the needs of their customers.

The bank created a new process, titled “Westpac Leads,” which draws data from Westpac’s source systems. At the front end, or presentation layer, are operational and analytical tools as well as data modeling engines. These complex analytical tools provide a fast, browser-based, holistic view of customers, enabling a continuous conversation with customers through multiple channels. It is a powerful sales management tool that records referrals, service requests and opportunities, and it allows bankers to manage this information.

The Project Reach “dashboard" provides sales management information about activities spanning from the call center to the branches to the executive levels. Through real-time visual reporting, a manager can monitor the sales pipeline and focus on coaching or other sales activities. The CRM analytical system generates sales leads through a set of advanced and jointly developed relationship builders. This software drives bankers to make proactive customer contact. Profile information and future opportunities are utilized to trigger a future Westpac lead. Additionally, the systems store customer needs, and those are analyzed and converted to messages are infused with relevancy, timeliness and significance.

“Prior to the deployment of an integrated relationship management system, we could not truly deliver consistent or 'next best' offers, which enable a relevant, timely lead to be attached to the customer's record for follow-up. Without that information, bankers had a hard time targeting customers' needs with appropriate product or service offers,” says Ricardo.

Now, with the scripting capabilities of their CRM software, any banker can easily introduce a relevant offer to the customer, and thanks to Westpac Leads' modeling capabilities, the likelihood of the offer being accepted is high. Westpac analyzes billions of rows of data in a very short period and leverages instantly across millions of customers.

To address its small and medium enterprise customer base, Westpac enables nearly 5,000 staff members in business call centers and branches. The feedback and impact on customer and staff satisfaction has been extremely positive.

The bank has also progressively integrated consumer and wealth management customer segments with its many touch points, such as ATMs, the Internet, short message service and interactive voice response systems.

A large proportion of executives around the world believe that CRM doesn't work because they are not made an integral part of the process. Ricardo advocates clear communication about what is taking place, when it will happen, what value CRM will add in terms of profitability and customer and staff satisfaction, and when there will be a visible return.

Another differentiator is that Westpac's sales and corporate culture has been recognized with global and national awards for social responsibility and customer focus. “That cultural fabric provides a fertile ground for these things to work,” Ricardo explains. “The lack of cultural alignment between the various stakeholders has been one of the causes of the many failures of CRM projects. Combined, these unique cultural fabrics, a great management team, and the use of technology to do what we already do (service our customer excellently) make up the big difference for Westpac. We are going straight to the ‘nuggets’ without spending a lot of time mining in areas where there is no gold,” Ricardo says.

**Case Example: Fubon Financial Holding Company**
Fubon Financial Holding Company markets a range of financial products and services to 5.8 million customers worldwide. Fubon has shared its strategic and tactical capabilities that their CRM software tools bring to their business. Among these are applications which enhance marketing’s ability to deliver messages with relevance, timeliness and significance. The following is an excerpt from CRM Magazine’s “The Money Tree” (August 2005):

The problem facing us at Fubon was our past focus on pushing products to the masses, instead of giving individual customers the service they needed, when they needed it. “Fubon’s goal was to become
more customer focused,” says C.F. Lin, the company’s CRM project leader. “The organization needed to both leverage our customer base to maximize the potential cross-sell opportunities and manage customers more efficiently across business units.”

Fubon now uses event-based marketing and builds business rules based on certain triggers or life changes. It identified more than 400 events, each based on customer needs to target the right customers at the right time through the right channel, and Lin says the results have been “phenomenal.”

The company found that only 2 percent of its customers contribute more than 90 percent of the bank’s overall profit. With that knowledge Fubon uses its database marketing programs to more effectively reach those valuable clients.

Fubon has achieved these successes because it had a good distribution network and because senior management was committed to moving toward a customer-focused business. The business returns include the cost of implementation of a detailed historical cross-organizational data warehouse, with supporting analytical relationship management tools, and expertise from outside consultants providing experiences and knowledge from across their continent. The payoffs include:

- An estimate of 850 percent overall ROI;
- 20 percent improvement in telemarketing conversion rates;
- Three to five times more profitable leads; and
- 30 percent improvements in assets under management significantly improved customer retention.

**Architect Customer Experiences by Leveraging Your Knowledge**

As business adopts technology and learns to create an environment for sales and marketing creativity and action, the results can be astounding. Many firms, in many industries, are now engaging new processes and advanced analytical integrated system to drive relevant, timely and significant messages to stimulate a positive response. Each of these actions enhances the customer experience by showing up in his “window” of maximum receptivity.

Competitive advantage belongs to those who can best exploit detailed intelligence from across the enterprise to generate consistently compelling value propositions and architect peak customer experiences. If a business can achieve a colossal 850 percent payback on a multimillion-dollar investment in customer management applications and infrastructure supported by an enterprise data warehouse, that translates to a clear win for everyone.

Ultimately, all of a company’s economics, strategies, objectives, processes, products, services, technologies, metrics, resources and returns are derived from its ability to make customers satisfied through a positive experience. Since customers typically generate 100 percent of a company’s revenues, this is a high priority.

The analytical and experiential actions that will take place in the next few years will make the difference in most firms for many years to come. Figure 3 highlights areas of concentration to achieve the best results from CRM actions.

All businesses and economic value starts with the customer experience – which is why architecting those experiences really makes a difference in the success or failure of a firm. The firms that do it best win – and win big.