

Data Drives Customer Insights



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Synopsis

From paying for a cup of coffee with a mobile device to requesting a taxi through an app, today's technology is rapidly changing our lives and influencing how we interact with brands, as well as with each other. The digitization of everything, particularly the widespread use of mobile and sensor data, has significantly increased user expectations. This rapid adoption of newer technologies—mobile, digital goods, video, audio, IoT, and an app-driven culture—has resulted in new ways to engage customers with improved products and services. At the heart of this transformation is how organizations use data to drive competitive advantage. Those who view data as an asset or opportunity will thrive, while those who lose sight of it will likely see significant negative business impact.

IDC¹ predicts that by 2020, data monetization efforts will result in enterprises pursuing digital transformation initiatives increasing the marketplace's consumption of their own data by 100-fold or more. Analyzing this new class of data and taking action on it can provide greatest advantage to organizations and help them gain advantage against competition. According to IDC¹, by 2020, organizations able to analyze all relevant data and deliver actionable information will achieve an extra \$430 billion in productivity benefits over their less analytically oriented peers.

When we think of the areas within customer insights that are influenced by digital transformation, there are quite a few. However, there are three areas in particular that have a significant impact from the use of big data:

- 1) Acquire and retain customer
- 2) Cross-sell and upsell
- 3) Improve customer experience

We will spend some time on each of these areas. However, to achieve any success on the ones mentioned above, a Customer 360 must be built, so that all internal and external data sources can be brought together into a single and unified platform.

Customer 360

According to McKinsey & Co.², 56% of all customer interactions happen during a multi-channel, multi-event journey. Capturing all these interactions and having a unified view across them is also sometimes summarized as "Customer 360," as in "get a 360° view of your customers." This involves collecting data about everything your customers do—from the moment they come to your web site to the moment they purchase your product and continuing on to the moment they eventually stop using it. There is tremendous insight that can be gleaned if you have a way to capture, store, and analyze all data that comes in many forms from many sources—sometimes at incredible speed.

Acquire and Retain Customers

An important area where having a deep knowledge of your customer pays off is acquisition and retention. Who should you target? Who are your most valuable customers? Who is about to leave? These are the questions that big data and advanced analytics can help answer.

While net promoter scores give marketers a glimpse into loyalty, they are static and infrequent calculations that don't take into consideration historic and real-time customer interactions. To make matters even more difficult, the data needed to get a dynamic view of customer satisfaction is often scattered across the organization. Building a customer 360 profile of every customer interaction, and ingesting more complementary customer data in near real-time, allows organizations to better understand what leads to customer churn and the highest customer value.

With Cloudera Enterprise, marketers can analyze and monitor the complete customer journey from a single platform. Analyzing this information allows marketing teams to lower the total cost of customer acquisition by focusing their spending on the right buyers, and reducing customer churn by discovering new leading indicators.

¹ DC FutureScape: Worldwide Big Data and Analytics 2016 Predictions (<http://www.cloudera.com/content/dam/www/static/documents/analyst-reports/idc-futurescape.pdf>)

² McKinsey & Co. Customer Journey Analytics & Big Data, 2013

A great example is MarkerStudy, a UK-based insurance holdings underwriter that gleaned deeper customer insights using Cloudera to achieve a 50% increase in customer retention, and a 2x increase in policies issues.

Cross-sell and upsell

One way of using customer insights is to better target marketing campaigns. Knowing what is the preferred channel for each customer—their buying preferences and other characteristics— allows for new micro segmentation and personalization. According to the Aberdeen Group, personalized emails improve click-through rates by 14%, and conversion rates by 10%.

Another way is to provide customer insights in real time as an interaction with the customer takes place. This is achieved either through a call center agent or through a mobile app or web interface. Collaborative filtering is an essential step for cross-sell and upsell. Everybody has seen the “customers like you have bought this” message on some e-commerce sites. The technology behind these “next best offer” engines is real-time analytics applied on historical data. The more complete the data, the more accurate the recommendation engine. The benefit is the ability to cross-sell and upsell your products or services with a higher rate of conversion.

US investment firm Transamerica built an Enterprise Marketing and Analytics engine using Cloudera's platform. As a result, they are able to test and validate models in one day vs one week, and can analyze 2M+ records in 15 sec. The new platform also allows Transamerica to apply its models at a scale and speed that was not possible in a traditional data environment, enabling staff to predict future customer behavior.

Improve customer experience

With so many channels available to a customer today, it is very difficult for businesses to keep track of the actual customer experience. Organizations that provide intuitive interfaces, convenient services, and personalized information will be able to drive higher customer satisfaction.

How do they achieve that? By creating customer profiles or models that are enriched by data from every interaction. Think of an iterative process that provides a more and more accurate portrait of the customer in time. In addition to that, you need a “matching” engine that will find the right offer at the right time for the right customer. The offer could be a product, a service, or just information. All these interactions need to be recorded, analysed, and included in the model. There is a huge volume of data involved from all the channels: transactions, chats, clickstream, GPS, mobile data, social media, etc. Cloudera's platform can store all this data—cost-effectively and securely. The benefits are reduced churn, higher NPS (Net Promoter Score), and higher ROC (Return on Customer).

One of Cloudera's customers, SFR, a telecommunication company, delivers a 360-degree view to optimize the customer journey and reduce customer churn. SFR complemented their data warehouse with the Cloudera Enterprise platform in order to collect and analyze data from a variety of systems and devices, thus creating a true 360 view of their customers. At the same time, they were able to extend the life of their data warehouse by 3x.

The key is the ability to ingest, process, and analyze massive amount of diverse datasets. To achieve any of these, organizations will need to modernize their architecture and take advantage of the innovations happening with big data.

How would I get started?

We are here to help. The first step is to arrange for an initial meeting with our team to understand what you're trying to accomplish, and identify business-impacting use cases. After that, most of our customers prefer to do some form of proof-of-concept to get a sense of the power of our solutions.

In some cases, we'll recommend one of our systems integrator partners, or perhaps you'd rather engage directly with Cloudera's professional services team—either way is fine with us. And, whether you want to deploy on-premise or in the cloud, we will support you 100%.



Lastly, to help ensure the likelihood of success, we strongly recommend you provide your team with training. In fact, Cloudera provides comprehensive and in-depth training for all your Hadoop needs, and for various roles within the organization. In addition to making sure you get the most out of your Cloudera deployment, our training will help you with recruiting and retention of the dev/ops people essential to Hadoop.

Summary

Digital transformation is happening rapidly and it is changing the way businesses are interacting with their customers. Successful organizations are creating competitive advantage by using customer data across various channels, as a strategic asset, to improve customer experience. Organizations are modernizing their architecture to harness new technologies such as predictive analytics and machine learning to provide actionable and timely customer insights.

Cloudera is here to help you realize the value of new and untapped customer data. We'll help you successfully use data to better serve your customers.

About Cloudera

Cloudera delivers the modern platform for data management and analytics. The world's leading organizations trust Cloudera to help solve their most challenging business problems with Cloudera Enterprise, the fastest, easiest, and most secure data platform built on Apache Hadoop. Our customers can efficiently capture, store, process, and analyze vast amounts of data, empowering them to use advanced analytics to drive business decisions quickly, flexibly, and at lower cost than has been possible before. To ensure our customers are successful, we offer comprehensive support, training, and professional services. Learn more at cloudera.com.

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