



5 ways you can leverage data to improve customer retention

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Building a data-driven marketing culture—by using data effectively to understand and align with the needs and preferences of customers—is the key to creating a competitive advantage in today’s customer-empowered, customer-centric market environment.

Here are five ways data management can help with customer retention and ultimately drive true customer loyalty:

1 Search:

Data is sometimes hiding in the inner resources of your organization—perhaps with dealers or resellers of your product or service, your sales force or locked up in an IT vault. Dig it out so it can be fortified, standardized and put to good use. Establish a unique customer identifier to connect disparate data sources at the customer-record level. This will allow you to have line of sight across the entire customer experience—what’s happening in the dealer channel, point of sale, complaints or service calls from the call center, online recommendations, referrals, warranty data, enrollments, renewals and subsequent purchases. That insight will enable you to identify and investigate the relationships among those data elements. You can learn valuable information from those measurements, such as how service calls affect renewals or how many new customers go on to make that elusive second purchase.

2 Organize:

This step is where things get more difficult—but it’s necessary. It’s critical to wrangle sets of data from scattered subsidiaries, software platforms and other sources into a usable, nimble database via smart data manipulation. The right approach can make your database simple, complete, reliable and usable. Your internal data can also be supplemented with external sources. Because customers are multifaceted, internal data will help you build the skeleton but you will need to develop profiles to flesh out what your customers really look like.

Connecting data sources (see #1 on Search) will enable you to understand your customers’ behaviors and their attraction to your brand. External data sources such as consumer demographics, business firmographics, regulatory filings and credit ratings will add depth to your customer profiles. Then, the data you’ve collected has to be made accessible so you can describe, segment or select your customers by any of their attributes—behavior, a particular demographic, value measurements or other metrics. That will help you speak to customers in more relevant ways, treating a high-value customer like a highly valued customer.





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3

Listen:

Data will talk to you if you're willing to listen to it. You can access incredible insight into a customer's frame of mind and readiness to buy. For example, you can feed customer interactions, key touch points or milestones of the lifecycle into your database to deliver well-timed and relevant communications to a customer or prospect. Data inflows and outflows can be executed via a campaign management system on a timely basis.

After data is updated and scores and segments are refreshed, listen to what your customers are telling you by building alerts and triggers into your data management system. Alerts and triggers can be "red flags" or "green flags." When a normally active customer goes silent for an extended period, she may be an attrition risk. That's a red flag. So, build an alert that will trigger a communication after a period of inactivity to check in with the customer, re-establish your value proposition and solidify the relationship. If a customer makes an additional purchase or refers a friend, that's a green flag. Send a thank-you communication (companies consistently underestimate the value of a simple, genuine thank you) or a reward to reinforce the behavior and build on the relationship.

4

Measure:

Measured results—this is where it gets fun. Solid data provides direction about each audience segment, allowing you to measure every aspect of a customer loyalty marketing program. You can discern which communications, promotions, activities and rewards are driving key behaviors and which ones may not be moving the needle.

For example, a major US health insurer with an attrition problem was losing more than 50% of its personal policy holders annually. An analysis of the policyholder base determined that the value of a personal insurance policy for one month was \$139. So, one measure of success for that line of business was retaining that policy for even one additional month. **Retention by even one month across the thousands of customers served meant hundreds of thousands of dollars to the company.** Because the dollar value was established, the impact to the company's bottom line was measurable and the company could prove the value of supporting a robust lifecycle marketing program.



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5 Evolve:

The beauty of data-driven marketing is that it drives you directly to the customer. From there, every tweak of the creative elements or comparison of various content will be guided by what the customer is telling you. Understanding that cause-and-effect relationship is the first step to continual improvement because you have control over the inputs—the offer, the creative and the audience you select. Challenge and test yourself. Try using a control group so you have a baseline. Dedicate roughly 10% of the audience to a control group. Test multiple offers—some basic A/B testing. This will help you further evolve and learn more about your customers and the behaviors you're trying to drive.

One example – in an enrollment campaign to get customers to sign up for a client's loyalty program, a reward was offered while testing against a second group of customers with no upfront gift or reward. **The result was significant:** the group with the upfront reward had an enrollment rate **15 times greater** than the group that was not offered a reward to enroll.

The results of such data discipline are remarkable when it comes to driving customer retention and true customer loyalty. True loyalty lies beyond transaction-based interactions. Leveraging the power of your data can help you build on your customer relationships to be more personal and more relevant to where a customer is in the lifecycle of your product or service. And, it is that relevance that helps drive retention and ultimately a better return on your investment.

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