
Customer Intelligence

Maximizing Moments of Truth

Creating Meaningful Real-Time Customer Interactions

by Lisa Loftis

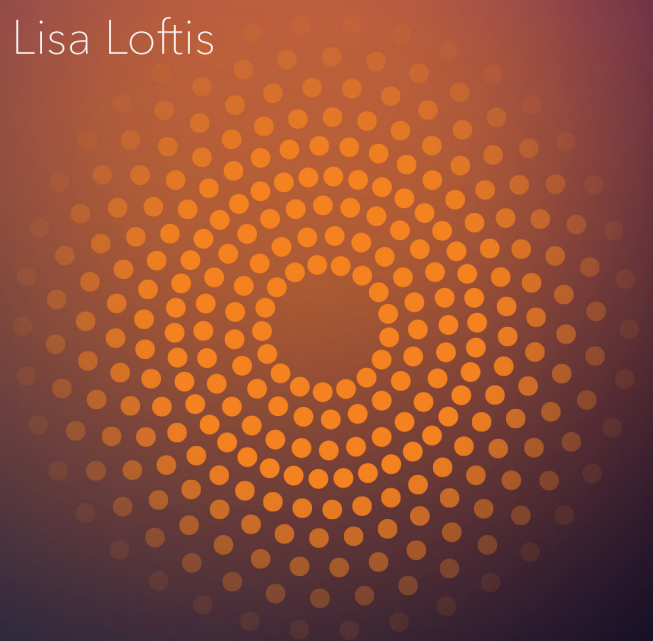


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INTRODUCTION

"Listen more than you talk. Nobody learned anything by hearing themselves speak."

– Richard Branson

Sixteen years ago, Seth Godin wrote one of my favorite industry books, *Permission Marketing*, which would prove to be eerily prophetic. Godin advocated a revolutionary approach to "turning strangers into friends and friends into customers" by eschewing traditional unsolicited marketing communications. Instead, he suggested that companies "date" their customers – first offering incentives to engage (essentially asking for permission to interact, possibly with a freebie or discount), then using the knowledge gleaned from those interactions to speak to customers as friends.

This new tactic, he suggested, would yield more personalized, relevant communications and would transform independent campaign communications into cyclical interactions. The ultimate goal of permission marketing: to move beyond random, interruptive campaigns to develop deep relationships with engaged, loyal customers – customers who both anticipate and initiate interactions.

Fast-forward to today: The predominant industry focus is on customer experience management (CX) – understanding and improving every interaction a customer has with your organization. CX's foundational tenet is that the cumulative impact of interactions over time, many of which occur outside of traditional campaign boundaries, determine a customer's feeling of real relationship with an organization. In a recent report advocating contextual marketing, Forrester Research posits that it is marketing's job to identify and use the context of these ongoing interactions to create a repeatable cycle of connections, foster deep engagement and apply what is learned during the process to make future interactions equally engaging.

If permission marketing, CX and contextual marketing sound the same, it's because they are. The difference in this then-versus-now story is in the technology. In 1999, when Amazon and Yahoo were both five-year-old fledglings, Godin (then a VP at Yahoo) recognized the potential for

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technology and digital devices to allow companies to connect with their customers in a very personal way at scale. Today's sophisticated marketing automation capabilities, big data platforms and advanced decisioning engines facilitate the "at scale" part. Combine these technologies with the 6.1 billion smartphone users projected by 2020 and 28 billion connected devices forecasted for 2021¹, all of which will yield a treasure trove of immediate and intensely personal information about our customers, and his vision is now a reality.

Reacting to our customer's "moments of truth" will require unique, personalized responses in real time that transcend traditional marketing and span channels and devices. This is more than marketing maturity: it's the new marketing imperative.

A TALE OF TWO OFFERS

"It was the best of times, it was the worst of times."

—Charles Dickens, *A Tale of Two Cities*

Jason is a longtime customer of a large US bank. The bank has a sophisticated next best offer program in place, illustrated by Figure 1 (following page).

Individual marketing campaigns employ analytical models using a rich set of integrated customer and product data to generate lists of customers most likely to respond to the campaign offers. The list files are consolidated into a central contact optimization decisioning engine, which allows the bank to sequence and prioritize all possible cross-campaign offers for a particular customer. Offers can be delivered to a wide variety of automated and face-to-face channels including the web, mobile, branch offices, call center agents and in-branch kiosks.

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When a customer interacts with an included channel, the decisioning engine makes a real-time determination of the best offer for that customer based on offer priorities and pre-assigned business rules. The selected offer is then delivered directly to the appropriate channel. Offer priority is assigned based on overall factors such as customer lifetime value and offer value, as well as campaign constraints like channel applicability and campaign budget.

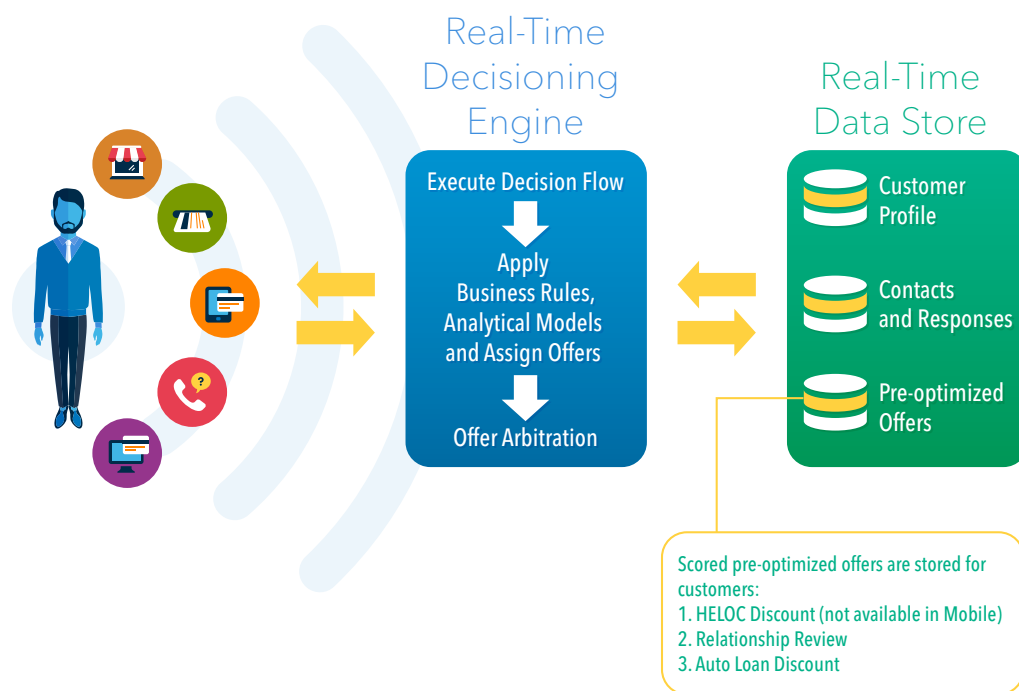


FIGURE 1
Next Best Offer
Program

Through the historical analytics associated with the program, the bank knows that Jason does most of his banking on the web and mobile applications, rarely visiting a branch. It understands that with a small change in account usage patterns (using his debit card a few times more a month, having a direct deposit into his checking account), Jason could get a gold tier checking account with extra benefits such as interest checking and free checks. It also knows that Jason has been in his house for 10 years, tends to use the bank's loan products (has a current mortgage, paid off an auto loan recently) and has browsed home equity line of credit (HELOC) rates and viewed "hottest home remodels" content on the bank's website.

These insights enable the bank to generate a targeted list of possible offers for Jason that include a relationship review (for upgrading the checking product), a discounted HELOC interest rate and a discounted auto loan rate. Applying the offer priority calculation delivers a recommended sequence: first offer the HELOC, then review the relationship, then offer the auto loan.

One Saturday, while waiting for a salesman, Jason logs into the bank's mobile app from his smartphone. He looks at the current auto loan rates, then swipes over to his checking account information. As he views his account, the decisioning engine retrieves Jason's offers in real time, applies suppression rules (eliminating the HELOC offer because it is not available through the mobile channel) and selects the highest-priority offer available for Jason at that moment, the relationship review. A personalized message highlighting the benefits of a gold tier checking plan and asking for permission to set up a phone-based relationship review is delivered. Jason is interested and takes the appointment.

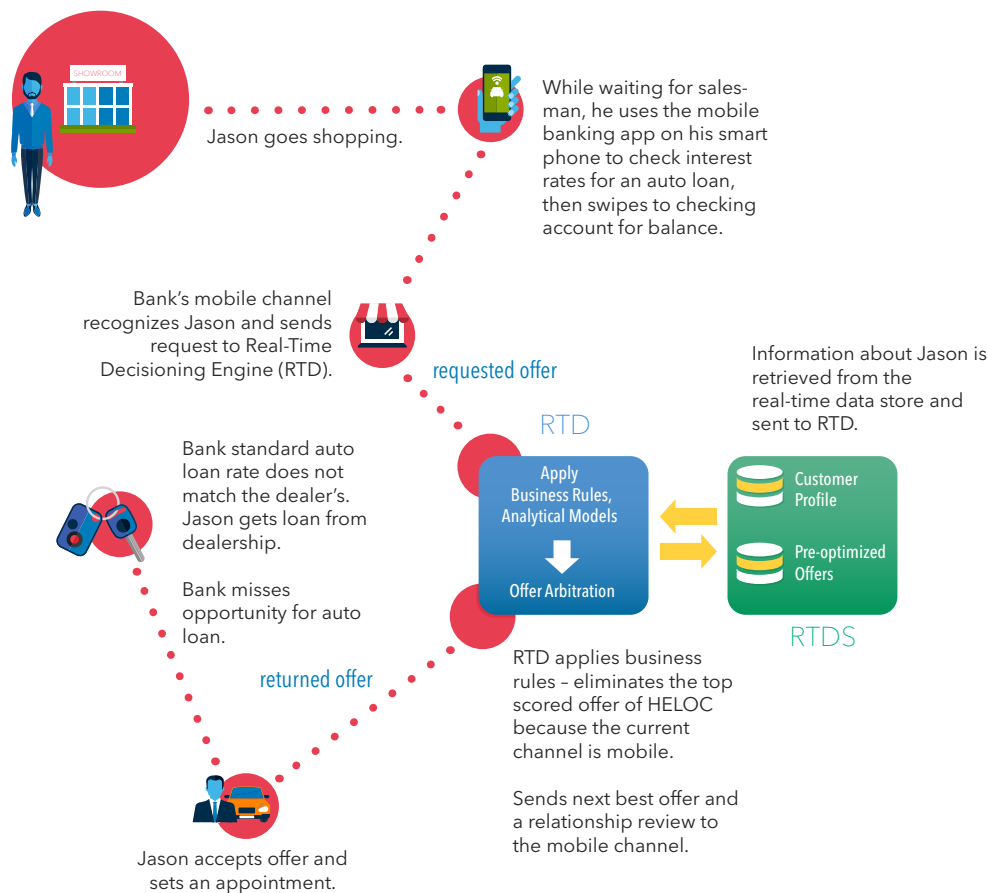


FIGURE 2
Jason's Journey

On the surface, this was a big win for both Jason and the bank. But looking a little more closely at Jason's activities that day paints a different picture. The salesman Jason was waiting for? He was the finance manager at an auto dealership. Jason was using the bank's mobile app to compare auto loan interest rates as he completed the car purchase. Unfortunately, the standard bank rate could not match the dealer's, but the discount rate in his offer list – a lower-priority offer than the checking plan – would have. Missing out on the offer, Jason secured the financing from the dealer rather than from the bank.

MOMENTS OF TRUTH - MOMENTS OF NOW

"Forever is composed of nows."

–Emily Dickinson

In no way was the situation with Jason a negative outcome for the bank. They delivered a timely and personalized communication resulting in an opportunity for a review conversation and product up-sell. Jason benefitted as well, feeling more connected to the bank for suggesting a product that better suited his needs.

The next best offer program, which is triggered millions of times per day and juggles tens of millions of offers, has significantly improved the bank's ability to provide relevant communications to customers in moments of truth where a positive response is likely. But how much more powerful could this experience have been if the bank had been able to understand and react to the context behind Jason's mobile login that day?

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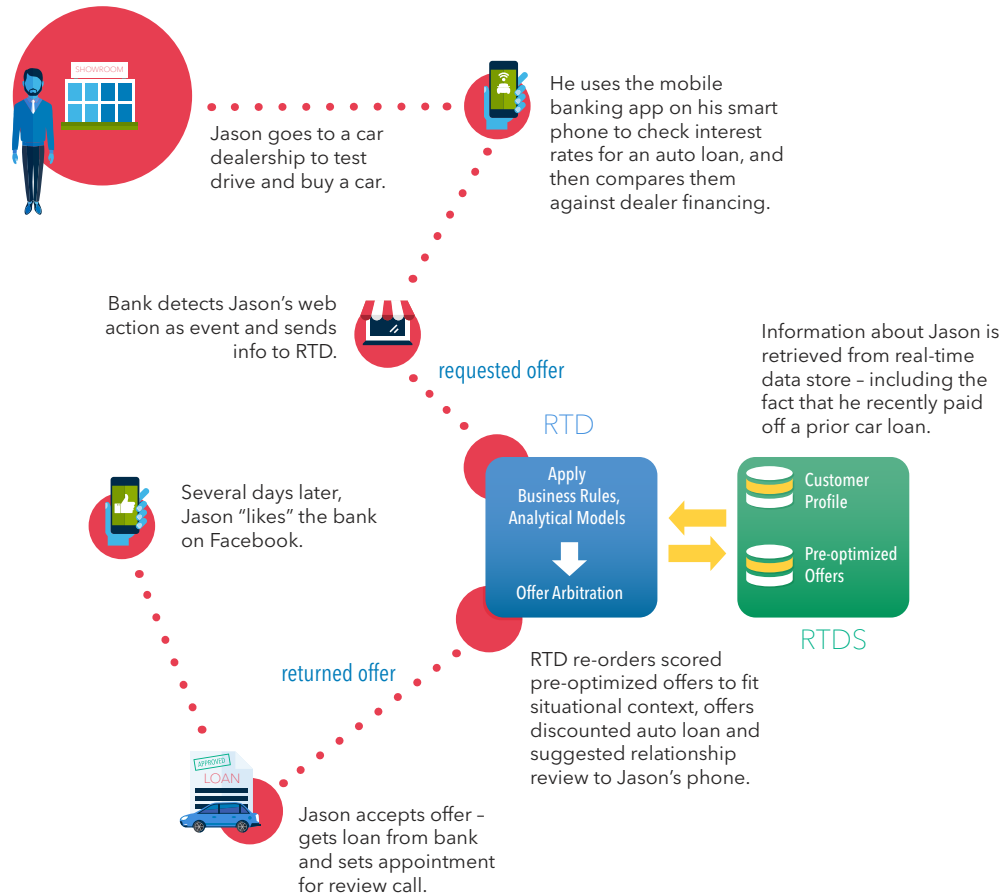


FIGURE 3
Jason's Journey
in Context

The information and technology exist to do just that. The bank already knows Jason has the propensity to use loan products. That and the prior auto loan payoff triggered an auto loan offer. Technology to understand exactly what Jason is looking at when he uses the mobile app is available, and the bank is already doing some real-time decision making and communication to the channels. Why not stream the mobile app activity to the decisioning engine and use it to re-sequence offers when appropriate?

Capitalizing on these moments, the moments of now, requires that we shift our focus from simply understanding which offer and which channel to truly understanding the context of a customer's interaction - what is their intent, how can I engage them, and how can I provide value?

Google calls these "micro-moments," and although they are not exclusively digital, mobile has certainly ratcheted up the need for immediacy of recognition and response.

The website *Think with Google* has identified four predominant micro-moments:

- **“I Want to Know” Moments:** In these moments, consumers want to learn something and are searching for information on a product or related topic. Jason’s consumption of the “hot home remodel” content on the bank website is a good example of this micro-moment. Once you recognize the moment for what it is, ensuring that relevant content is easily found and consumed is an increasingly vital part of closing a deal.
- **“I Want to Go” Moments:** These are all about location and can yield big benefits. Popularity of location-based search is skyrocketing with one in five searches today related to location.² Companies can augment location results and enhance customer experiences in these moments by including information relevant to the location such as on-hand inventory, approximate wait times or available tables.
- **“I Want to Do” Moments:** Customers here are generally looking for information on how to use a product or complete a product-related task. Satisfying these how-to moments with interesting, easy-to-find content can significantly improve brand loyalty. The SAS® Software YouTube channel, for example, contains hundreds of videos including tutorials, installation guides, tips and tricks, and is extremely popular with our clients.
- **“I Want to Buy” Moments:** Jason’s research on auto loan interest rates was a clear “I want to buy” moment. These moments are your best opportunity to close the sale or swing a consumer to your brand. While they happen in every channel, understanding mobile usage is critical; 93 percent of customers who use a mobile device for search go on to make a purchase.³

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UNRAVELING THE MYSTERY

"A wonderful fact to reflect upon, that every human creature is constituted to be that profound secret and mystery to every other."

—Charles Dickens, *A Tale of Two Cities*

Recognizing and reacting to micro-moments requires a confluence of contextual data as illustrated in Figure 4.

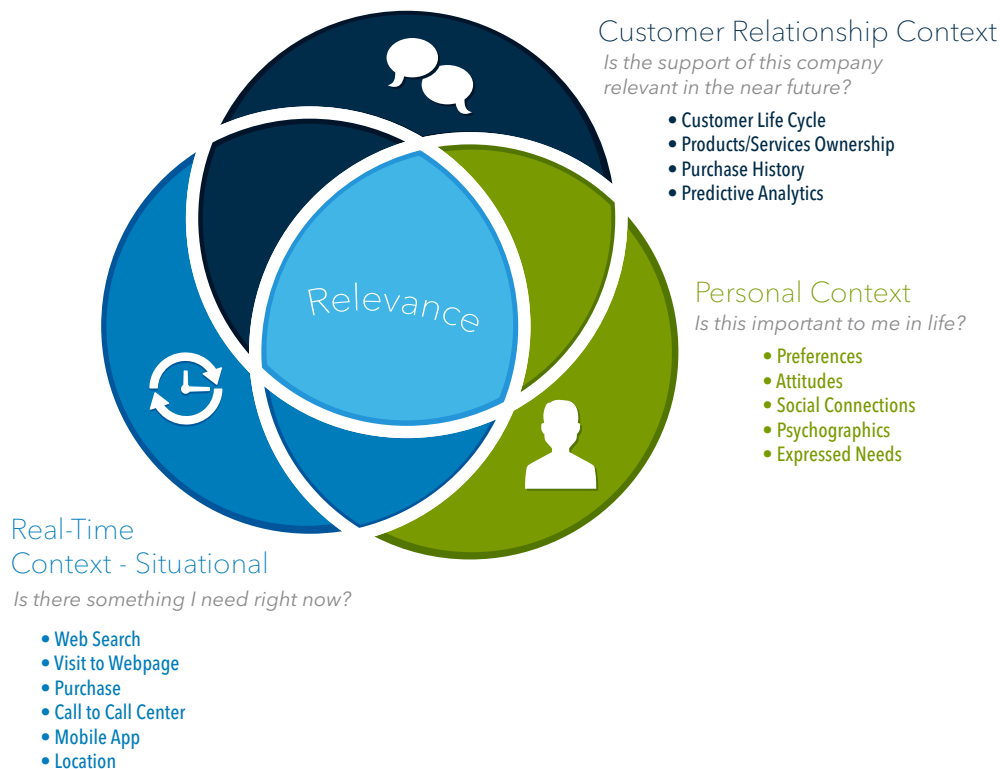


FIGURE 4
Context in
Moments of
Truth

Relationship context goes back to CX's foundational tenet, where the sum total of a customer's interactions determines how the customer feels about their relationship with the organization. From the company's perspective, information about where the customer is in the life cycle, what products they own and how they use these, historical purchase information and the results of various predictive analytics can provide input into how a company can affect customer loyalty.

Personal context can illuminate how the customer is going to react in a given situation and can even reveal intent. Companies can utilize information such as expressed and inferred preferences, attitudes gleaned from social media and other dialogues, and purchased psychographics to help determine the personal context a customer brings to any situation. Reactions can then be personalized accordingly.

Real-time situational context boils down to the actual micro-moment where the customer wants to know, go, do or purchase. Web or mobile access, call center interaction, in-store or online purchase are all possible events signaling moments of truth - moments when action should be taken.

Together, these different types of contextual information provide a powerful mechanism for marketers to achieve the unique, relevant, personalized and real-time responses that make up the new marketing imperative.

THE PATH TO REAL-TIME OPTIMIZATION

"And a beautiful world we live in, when it is possible, and when many other such things are possible, and not only possible, but done."

-Charles Dickens, *A Tale of Two Cities*

Using contextual data in conjunction with the type of predictive analytics applied by Jason's bank to determine the what, when and where for customer offers can provide benefits well beyond marketing and customer experience. Participants in a recent Forbes Insights Study reported the following impacts from using analytics to optimize data-driven CX initiatives⁴:

- Faster decision making - 62%
- Better insight into and a common view of enterprise customers - 51%
- Managers and employees are more confident about their decisions - 49%

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- Greater engagement with customers - 49%
- Increased sales/revenues - 47%
- More repeat business from customers - 44%
- Cost savings/more effective use of marketing budget - 37%
- Greater collaboration between departments - 36%
- Ability to react more quickly to market changes - 32%

Achieving these benefits requires a mix of activities and organizational disciplines that can be quite complex. The following list of best practices highlights the critical issues your organization should focus on to optimize marketing contacts and capitalize on the moments of truth.

Make optimization iterative: Next best offer programs do not happen instantaneously. Successful organizations take the time to develop a phased plan that identifies participants, roles and activities, metrics, technology and capability phases. Participants should represent various functional areas. These typically include marketing, customer support, product groups, channel owners, data management and analytics teams, and IT. Categories in the plan can incorporate strategy development/refinement, operational and process readiness, decision making (sequence and priority across business lines), technology design and build, and performance monitoring and governance.

Most organizations start these efforts with a pilot set of customers (a segment), a group of business units (for instance, the sales team) or a subset of channels. This provides the opportunity to measure effectiveness and refine processes before expanding the program. Many companies will initially deliver the offers in a batch mode, or as with Jason's bank, limit real-time capabilities to offer delivery for specific channels, gradually augmenting real-time capabilities by channel and rolling out event streaming technology required to detect micro-moment events and modify offers on the fly.

Many companies will initially limit real-time capabilities to offer delivery, gradually rolling out event streaming technology required to detect micro-moment events and modify offers on-the-fly.

It's also important to consider progressively expanding the types of contacts included in the program. Marketing and sales offers may be the starting point, but the micro-moments will definitely involve content provision, service contacts, fulfillment contacts and complaint resolution. All of these can be added to the contact strategy (contact frequency, contact sequencing and prioritization) and incorporated into the optimization process.

Put data in the driver's seat: Establishing scope, breadth and integration of data for customers and interactions is critical to next best offer programs. Yet data issues still plague many organizations. Only 14 percent of respondents to the Forbes Insights Study said their customer data is cross-functional and comprises fully synchronized data stores, structured to support the full range of marketing analyses, campaign management and real-time processing.⁵ Addressing these integration issues, particularly those affecting the 360-degree view of customer, is critical to next best offer initiatives.

Data scope and breadth is also increasing dramatically. Types of data that companies should expect to capture and use in optimizing contacts include the following:

- *Customer profile CRM* - name, address and contact information, call center and store interactions, product ownership and usage, offers.
- *Demographics and/or psychographics* - age, gender, income, children, marital and employment status, education, attitudes, lifestyle, preferences, attitudes.
- *Web and mobile* - sessions, pages, referring sites, viewed content, navigation, commerce, app downloads, open frequency, time spent, abandonment, feedback.
- *Social* - network and influence data, profiles, work history, group memberships, product and company associations (likes or follows), online comments and reviews, voice of customer.
- *Beacon and sensor* - varies by industry and application, but typically includes location, GPS, proximity, biometric (e.g, Fitbit), RFID, or product sensor messages.

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Map the moments of truth: Journey mapping is a visual representation of a customer's interactions. These maps are developed from a customer point of view, designed to highlight how customers interact with your brand, product, services and people. The journey map is a good way to identify those moments of truth that will have significant impact on the customer experience – the moments that you want to capture as events while they are happening.

To use a journey map to highlight moments of truth, first identify the major steps that a defined persona (for instance, “high-spending business traveler”) will go through during an interaction. For an airline, these might be research and booking, check-in, boarding, travel and baggage claim.

The next step is to define the three to four more granular sub-steps associated with the major steps. For the airline, the check-in sub-steps may be to print ticket at kiosk, check bag, check flight status and pass through security.

The sub-steps are where influential moments, pain points and satisfiers are identified. These factors will shed light on moments of truth, highlighting those events that should be captured and used in the next best offer process. Finding out about flight delays, particularly for a high-value traveler who has experienced multiple recent delays, may be an event that the airline wants to respond to in real time. Offers to ease the pain of that moment could include delivering a free drink coupon or additional frequent flier miles via the mobile app.

Invest in automation: It would be virtually impossible for a large or medium sized company like Jason's bank to deliver results without a robust technology platform. Optimizing offers at scale ups the ante by balancing large numbers of personalized offers against complex constraints and objectives. Critical capabilities to incorporate into the marketing technology ecosystem include:

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- *Marketing automation.* Automation significantly reduces the time required to develop the large number of campaigns and targeted offers required to feed a next best offer program. Features should include the ability to develop sophisticated predictive analytics and models, access online and offline data, incorporate data management processes needed to ensure high-quality data, and design and schedule campaigns for a multitude of communication channels.
- *Marketing optimization.* Optimization engines use sophisticated analytics to direct a multitude of business constraints, complex contact strategies and multiple delivery channels to achieve specific business objectives. What-if scenario modeling to understand the impact of changing constraints and objectives should be easy to execute. The technology should be tuned to handle significant amounts of data and complex calculations in the sub-second response times required to respond to micro-moments effectively.
- *Real-time decision making and event detection.* The technology platform should be able to detect in real time the events representing micro-moments, balance algorithmic optimization with business rules and deliver the highest-priority results to multiple channels on demand.

Yesterday's trend of permission marketing is alive and well today – enhanced by exploding digital adoption rates, ever-increasing types of experience and interaction data, and sophisticated real-time communications, decision-making and offer-delivery technologies. Is your company ready to embrace this new trend?

Optimizing offers at scale ups the ante by balancing large numbers of personalized offers against complex constraints and objectives.

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About the Author



LISA LOFTIS specializes in customer experience management (CEM), customer relationship management (CRM), business intelligence (BI) and analytics, data governance and data strategy initiatives. She has in-depth experience in combining the technology necessary to support true CEM, CRM, MDM and BI business strategies with the organizational structures, executive leadership and cultural factors required to build successful, sustainable long-term enterprise programs. Lisa has excellent communication and facilitation skills, exceptional ability to develop and maintain client relationships and over 25 years of experience in scoping, selling, managing and delivering strategic and technical consulting engagements.

Lisa speaks frequently at national and international conferences, has co-authored the book *Building the Customer-Centric Enterprise* (John Wiley & Sons) and publishes frequent articles across a variety of industry publications.

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