# **Class 1: Introduction and Course Overview**

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**Customer Analytics** 

## The advance of information technology has given firms the ability to know much more about their customers than before

### WHAT INFORMATION TRAIL DO WE LEAVE?

- credit card transactions

- video streaming

- travel

- reactions to mail/e-mail offers

- Internet purchases

- self-provided information on preferences,

- Social media posts/browsing

income, demographics

What does all this reveal about us and how might it be used – for our and/or a firm's advantage?

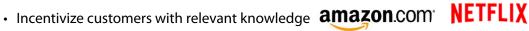
## Customer information can be extremely useful for both the firm AND the consumer

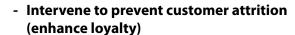
#### **USES OF CUSTOMER INFORMATION**

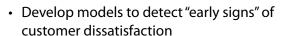
- Grade customers
  - Calculate customer value to the organization



- Increase customer engagement











- Target marketing to customer interest Google
- Generate third-party sources of revenues





## Customer-centricity refocuses the attention of the firm

### PRODUCT-CENTRIC MARKETING

## **CUSTOMER-CENTRIC** MARKETING

- Product Focus

- Customer Focus

- Transactions

- "Relationships"

- Acquiring Customers

- Retaining Customers

- Product Profitability

- **Customer Profitability** 

## Step 1: To introduce the customer as the unit of analysis

#### **COURSE OBJECTIVES IN STEP 1**

- To understand the premise behind customer-centric marketing
- To understand the customer lifecycle and lifetime value
- To explore how customer data can be used to guide marketing decisions
- To understand the importance of causality in customer analytics

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## Step 2: To introduce the key strategic initiatives using customer information

### **COURSE OBJECTIVES IN STEP 2**

- To understand how to acquire customers
- To understand how to do customer development
  - To understand how to cross-sell
  - To understand how to up-sell
- To understand how to manage customer churn (attrition)

## Step 3: To introduce analytical and statistical modeling of customer information

#### **COURSE OBJECTIVES IN STEP 3**

- To understand different types of predictive models (Heuristics, Statistical Models, Data Mining)
- RFM Analysis (Heuristics)
- Linear and Logistic Regression (Statistical Model)
- Neural Network / Decision Tree (Machine Learning Models)
- And more...



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## Step 4: To understand when analytical methods are appropriate and when they fail

### **COURSE OBJECTIVES IN STEP 4**

- To learn how to avoid common mistakes in implementing customer analytics
- To learn the concept and tools of causal inference

What you will have learned in these four steps enables you to implement "Customer Analytics" in practice