



**TRUST**  
Be Human

# INTERPRETING CUSTOMER DATA:

## DEFINING AND REPORTING ON KEY PERFORMANCE METRICS

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We empower the individual's voice, so trust is built, and relationships are enriched.

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# Introduction

Most of the public discourse around the management of customer data — the active collection, maintenance and distribution of unique consumer characteristics and insights — has been focused on its definition and initial implementation. This is understandable given the relative age and maturity of the marketplace, but leaves industry-leading companies in a puzzling position. Having arrived, they are not sure where to go next.

Simply put, the challenge of managing customer data for leading companies has shifted from implementation to improvement. When implementing collection strategies, companies often have to work with assumptions regarding user experience, copy, design, placement, timing, and content. Often these assumptions need to be adjusted or corrected over time. In addition, evolving technologies and new communication channels constantly change the way consumers want to interact with companies and brands.

With data collection tools and technologies in place, companies are positioned to test original assumptions and make evidence-based corrections.

Yet in doing so, marketers and technologists must keep several key factors in mind:

- **The various elements of customer-company interaction are interrelated and actively influence each other.** Poor design can defeat good content, ideal placement or timing can obscure flawed content, etc. Analysis must include the full picture of the interaction in order to capture actionable results.
- **The customer views the company as a single entity, not a collection of separate departments or services.** Analysis of customer interaction must embrace the realization that it does not follow a sequential or “start/stop” pattern limited by internal definitions.
- **The analysis and corrections applied to customer-company interaction will only be as sound as the business rules and methodologies that informed it in the first place.** In other words, a preference or trust center without a specific customer interaction goal will deliver mixed results, the natural product of an unclear purpose.

Over the following pages, techniques and methodologies will be advanced in an effort to ease the transition from implementation to improvement. Understanding what customer data collection and management can do for the organization helps the company make the case for building trust, improving customer relationships, and helps to justify additional efforts in understanding customers by including them in the conversation.

# Defining and Applying Business Rules

The rules by which data is collected, interpreted and used must be defined and consistently drive the decisions made during the implementation of any marketing technology solution, including the management and collection of customer data. Without clear business rules in place, all data is vulnerable to misperception, misapplication or underutilization.

For many enterprises, the perceived challenge to customer data management is the coordination of myriad legacy systems. In reality, as is often discovered during the pilot or early implementation phase, the real challenge is the establishment of consistent rules that recognize the unique needs and goals of the enterprise itself: the “what” and “why” of collecting data from customers and how that data will be used later.

## Key considerations include:

**Definition of terms:** The first and often overlooked challenge is the foundational question of vocabulary — how to define a prospect? How to describe the progression from prospect to customer? How to define the behavior of a prospect as he or she progresses towards becoming a customer? Without clear, universal terminology to articulate the interaction, companies are left with vague results that often conflict or fail to present a cohesive whole.

**Establishment of specific goals:** Any effort to “increase engagement” is doomed to failure by the mere fact of its opaque mission. An undefinable destination is a goal a company will never reach. In contrast, an effort to reduce opt-outs and increase targeted opt-ins is trackable, reportable and, consequently, a project worthy of budget and personnel.

**Declaration of unique value proposition:** Companies offering mass-market, unrestricted consumer goods have no immediate reason to solicit a customer’s age as part of the online purchase process. Yet many companies do from to a misguided sense of what should be part of data collection and management because it’s easy to do so once the system is in place. Consider what is actually necessary or valuable to know and limit the collection, storage and liability concerns that customer data requires.

**Prediction of customer lifecycle:** Finally, every company seeking to interact with consumers must consider the natural cycle of that interaction. A subscription-based services company (such as a cable provider) holds a perpetual responsibility to honor communications preferences and address day-to-day needs. A company offering a periodic and significant commodity sale (such as a car dealership) must recognize the pacing and context of a relationship that peaks every two to four years.

Defining and documenting the business rules a company follows helps identify gaps and overlaps in communication outreach with their customers. To secure strategic funding, justify your customer data management initiative and understand the impact that data management and collection is having to your organization overall, it is essential to identify goals and set measurable targets to maximize your company’s return on investment and to prepare for reporting.

Without this planning in place, your organization will struggle with justifying the expenditure on a data management solution and the project may only make marginal progress in truly impacting the overall customer experience.

# Defining Meaningful Metrics: Hard KPIs

There are five key and measurable reasons that companies adopt a process for customer data management and these KPIs are the ultimate driver for implementation and continued focus on the collection and management of customer data. While companies want to focus on covering all of the drivers, there will be one primary driver that originally sparked the decision to pursue customer data management as an initiative.

These KPIs fall into one of the following categories:

## **KPI #1 - Preventing loss of customers:**

These companies seek to deploy effective opt-down, cross-opt strategies to avoid an “atomic opt-out” (customers unsubscribing from all outreach by a company). The atomic opt-out can be the result of customer choice, or may be caused by business rules established by the company that are too rigorous in the application of an opt-out across the company's lines of business.

When considering this KPI, companies must move beyond only looking at the positive side of marketing campaigns – how many sales or conversions resulted. In order to do this successfully, a company must document and understand current customer touchpoints and associated metrics (time spent in a flow, overall conversion, abandonment). This documentation will involve reviewing internally managed marketing initiatives and understanding all third parties involved. Often, atomic opt-outs are caused by a third-party action, not by the primary organization.

Minimizing the initial proof of concept with one channel or business unit allows a company to show early wins and KPI reporting as part of the implementation will create consensus for the next project and encourage additional spend on the deploying the solution across the organization.

## **KPI #2 - Reducing costs:**

Now more than ever, marketers are required to optimize the money they are spending on their marketing budget. The allocation of that marketing spend can be based on communication feedback and insights. The input received directly from the customer helps marketers eliminate ineffective campaigns and identify those campaigns that require improvement.

Since much of the marketing spend is done with third parties, it is important within this metric to understand current customer touchpoints and determine the cost of outreach across different channels. Data collection can be placed within more expensive communication channels to encourage cross-opt from one channel to the next. For example, if direct mail of statements is a more expensive channel than e-delivery, use the current mode to encourage and incentivize customers to switch. It is important to consider the dynamic management of compliance language to assure consent and to keep the company free from potential litigation and government scrutiny, especially as communications are switched to more governed modes.

Justifying the investment on a customer data management solution under this KPI is easily achieved through the ability to report how many customers have moved from one channel to the next. It is also wise to use pilot programs for this KPI when measuring interest in one communication channel over another.

## **KPI #3 - Boosting revenues:**

Companies that rely solely on their own internal understanding of the customer and their wants and needs often miss the mark. The best way to improve upon knowledge of the customer and to improve the analysis of the “big data” being collected on customers is to simply ask them for their feedback, opinions, and insights. Done correctly, this can fine-tune the marketing approach. Using surveying as part of the process to better understand the customer dramatically improve response rates and better fulfill customer's desires for personalized experiences.

To undertake an initiative focused on improving revenues, companies must identify locations for adding additional first- or zero-party data collection. Moreover, strategies to re-engage opted-out customers should be considered, such as targeted digital ad campaigns.

In order to understand the true impact of customer data management and collection within these organizations, existing metrics regarding abandonment, conversion, time spent on site must be collected as a baseline and compared over time. One campaign or message will rarely result in a specific measurable boost in revenue. Understanding the complete complement of engagement over time helps a company identify both gaps and successes in pursuit of improving the lifetime value of the customer.

External messaging must be simplified and take into account the customer's true drivers for interacting with the company or brand. Gaining this understanding requires a combination of surveys and primary research. Ultimately, the evaluation will identify missing opportunities for content and engagement. Companies that utilize communication channels for account updates can benefit by promoting additional content that engages customers beyond a specific transaction.

Reporting against this metric as part of the implementation helps to create consensus for new customer-centric projects and informs a content calendar for the creation of new content to support existing efforts.

#### **KPI #4 - Centralize data collection and availability:**

The purposeful implementation of a neutral data management solution with centralized governance has a great potential to drastically reduce overall IT complexity, as well as associated cost. For organizations that wish to centralize communications, data collection and management is a logical first step that results in greater control and cross organization visibility.

For optimum success with this driver, companies must create a baseline understanding of current customer touchpoints and engagement opportunities. This includes all groups that are internally managing customer outreach and must include any external vendors that are acting on behalf of the company. Documenting existing business rules around campaign and communication approval identifies gaps in the process and provides a way to take actionable steps for correction.

Often companies identify issues in the frequency of customer outreach and a need to create a consolidated content calendar across the organization. The impact of this centralization can be justify through a proof of concept that includes a few business units or marketing groups that share customer lists and communications modes. Success from this deployment allows for the creation of roadshow content to build internal consensus and advocate the need for governance across the rest of the organization.

#### **KPI #5 - Mitigate compliance risks:**

Most companies that suffer from issues with compliance do so because they do not have proper processes and focus on compliance across the organization. They are storing customer data in systems that are hard to access. Focusing on building in better compliance processes give companies peace of mind and allow them to approach more progressive customer engagement policies.

Justification of spend on the effort is easily made when taking into account possible fines, loss of time for defending claims and protection against litigious consumers and consumer groups.

## Defining Meaningful Metrics: Soft KPIs

In an increasingly complex martech ecosystem, performance measurement needs to focus on the lifecycle of the customer and how likely customers are willing to engage with your brand. "Customer Interaction" metrics focus on retention rather than conversion and need to be shared across teams and life-cycle stages.

Because these metrics gauge perception, they are more difficult to quantify and will require agreement across the organization as to the appropriate inputs to track in order to both baseline the initial state and measure the success delivered by a purposeful engagement strategy.

### Examples:

- Customer perception of your brand
- Perceived customer experience
- Customer satisfaction
- Customer loyalty
- Customer lifetime value
- Customer ROI (rather than Campaign ROI)

Determining a way to baseline current state and then relying on an industry accepted standard allows a company to measure process.

Having established a baseline, companies are then able to examine the data point that really matters: the trend line. Does customer loyalty soften over time or even plunge as with increased exposure to product support? Is the overall tone of social media mentions positive, negative or neutral?

With customer data management tools in place, tracking soft KPIs becomes much easier. Customers will choose to engage through avenues and experiences they prefer, providing feedback and insights along the way. In the short term, the data will empower marketers to course correct, reducing churn and improving marketing efficiency. Over the long term, that data will represent an actionable sample size from which to make large-scale marketing decisions.

# Conclusion: Analysis of Data Collection and Management

In order to maximize the potential of a customer data management initiative, a company must first determine business goals and objectives and identify key performance matrices. Without starting with this end in mind, the ability to produce useful reports that point to a tangible ROI will be difficult to create.

With this in mind, the challenge for many companies lies in the need to identify and apply their own unique rules and measurements. Without a superimposed or “industry standard” framework, they languish under traditional marketing models that track visits, impressions, conversions and other de-contextualized behavioral data.

In reality, companies must determine for themselves

- A) **what terms** to use in exploring these topics,
- B) **what business rules** should govern communications flow and determine successful outcomes, and
- C) **what data points** actually matter for appropriate personalization and interaction with the customer.

With these in hand — or even incremental progress towards them — companies can effectively leverage customer data as part of broader engagement initiatives.

Ultimately, improving the data management process is a question of listening to the broader themes behind individual choices. Respecting a single customer’s wishes by never sending them marketing messages via text is smart business that could potentially save that relationship. Analyzing an accumulation of such preferences and shifting the entire marketing matrix to make text messages an opt-in only function represents an organizational course-correction. It could save thousands of customer relationships and meaningfully impact the entire company’s bottom line.

The obvious essential component is the ability to collect and act upon customer insights and zero-party data. Without it, companies fail on short-term experience and long-term strategic direction. With it, they improve experience and hold the potential for transformational growth through customer loyalty.

PossibleNOW's technology, processes, and services enable relevant, trusted, and compliant interactions between businesses and the people they serve. We gain customer insights through qualitative Voice-of-Customer research to understand the expectations and emotions influencing customer behavior. We leverage that understanding when deploying MyPreferences to collect and utilize zero-party data such as customer insights, preferences, and consent across the enterprise, resulting in highly relevant and personalized experiences.

DNCsolution addresses Do Not Contact regulations such as TCPA, CAN-SPAM and CASL, allowing companies to adhere to DNC requirements, backed by our 100% compliance guarantee.

PossibleNOW's strategic consultants take a holistic approach leveraging years of experience when creating strategic roadmaps, planning technology deployments, and designing customer interfaces.

PossibleNOW is purpose-built to help large, complex organizations improve customer experiences and loyalty while mitigating compliance risk.

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