



## **Bridging the Gap: Three Steps to More Actionable Customer Data**

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Is one of your priorities this year to better leverage your insights into customer and prospect needs? If so, you're not alone. With limited marketing resources, it has become imperative to allocate your marketing dollars, people, and time toward your most profitable channels and customers.

Delving deeper into what matters to your customers is the key to growing revenue. Focusing on the profitable sources of revenue takes data-mining tools, customer research, marketing automation software, and the ability to perform customer analytics.

While collecting relevant customer-related information is a great first step, you must be able to analyze this information in a way that provides you with valuable insights into customer behavior. Applying customer analytics methodologies to your customer information helps identify, attract, and retain your best and most profitable customers.

Customer analytics leverages customer behavior, trends, and psychographic and demographic data to design more effective customer experiences and customer marketing. When done effectively, your organization can use the information derived from customer analytics to strategically influence interactions with customers and prospects.

For instance, is keeping customers over a specific time period and having them purchase particular products important to your profitability and return against the cost to acquire? If so, you can use analytics to determine the components of customer lifetime value, the profitability of each customer, and the likelihood of attrition over a certain period of time.

With this information you can develop a targeted retention strategy, formulate cross-selling and/or upselling programs, and leverage the desired communication channels in order to improve the lifetime value of customers.

People, processes, data, and technology are often required to adequately perform customer analytics, but those organizations embracing customer analytics are better able to anticipate, influence, and measure customer behavior.

Data is one of the primary challenges for many organizations when it comes to customer analytics. Oftentimes, the required data exists in disparate systems. The number of channels

marketers have at their disposal today to reach customers continues to grow, adding to the data challenge.

Before you can perform customer analytics, you need to address your data. These three steps will go a long way toward enabling you to leverage customer data:

1. Cleanse your customer data and clean it regularly. We live in a dynamic environment where change is constant, and that goes for customer data. The quality of your customer data greatly affects the data analysis. Clean data is imperative to develop valid actionable insight that will improve marketing effectiveness.
2. Adopt a customer data management technology to create a centralized source for all customer data. As we've already noted, data is the lynchpin for justifying and optimizing marketing investments.
3. Integrate all of your customer data into the customer data management system. Data exists in a number of disparate systems—your Web analytics tool, your social media monitoring tool, customer feedback and surveys, and your marketing campaign automation tool.

It will take technology to collect, aggregate, and integrate all of your customer data, but it is essential all your data be integrated into one robust system. Now you will be able to answer these kinds of questions about your customers:

1. Who are your most profitable ones?
2. What do they buy?
3. What do they need?
4. What motivates them to buy?

Once you have all your customer data in a robust database, you can apply analytical methodology to the data to derive insights into your customers' behavior and preferences. Performing this type of analysis enables you to use your data to create customized marketing

initiatives and develop personalized marketing programs that will engage your prospects and customers.

Performing customer analytics takes process, tools, and analytical skills, but the payoff is better-targeted, relevant interactions with prospects and customers in order to improve customer loyalty, profitability, and marketing effectiveness.

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