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How companies use customer insight to drive customer acquisition, development and retention

THESIS ABSTRACT

In theory, Customer Relationship Management (CRM) technology and processes should help firms to identify the 'right' customers, understand their needs, predict their behaviour and develop tailored propositions. Yet numerous studies have found that CRM projects have failed to deliver the expected benefits. Academics and practitioners have begun to refer to a key resource required to fulfil the promise of CRM as 'customer insight'.

Project one explores how companies use customer insight to drive customer acquisition, retention and development and proposes a theoretical framework for actioning customer insight. Five case studies with UK-based large companies were undertaken (Barclays, BT, Cisco Systems, O2 and Post Office) involving 25 in-depth interviews. Companies were found to be synthesising data from five areas: competitors, customers, markets, employees and channel partners. From this data they are generating four types of customer insight: market predictions, customer segments, propensity models and customer analytics. This insight is guiding strategy, operations, marketing, sales, product portfolio management and customer service.

Project two explores a particularly promising area of practice uncovered in project one, namely how customer insight is used in inbound service call centres to drive cross-selling, up-selling and retention. Empirical research into this practice of sales through service is sparse. A cross-sector multiple-case exploratory study of six UK-based organisations (Barclays, O2, RIAS, The AA, a healthcare organization and a utility company) was undertaken, using interviews and agent observation. Customer insight in the form of predictive models delivered to agents' screens appears to improve the effectiveness of sales through service. Contrary to common practitioner concerns, insight-based sales offers can have a positive impact on satisfaction, and introducing sales through service does not necessarily increase average handling time. Agents are more likely to make successful offers if they believe that they are 'doing the right thing' for the customer. A balanced set of targets covering productivity, satisfaction and sales seems important for agents combining sales and service roles. Further research is needed to validate and refine the seven propositions generated.