WHITE PAPER

Data Augmented with Context Provides Richer Customer Experiences

Sponsored by: Neustar Inc.

Debra Osswald
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IDC OPINION

As service providers of all types struggle to differentiate their offerings in an increasingly crowded competitive landscape, only a select few provider types have the ability to benefit from the vast amounts of data at their disposal and the insights that can be gleaned from that data. Specifically, communications service providers (CSPs), multisystem cable operators, and select media and entertainment companies are well positioned to utilize real-time contextual data and related insights to improve their marketing and operational processes in many, if not all, stages of the customer service life cycle. By real-time contextual data and related insights, we mean a correlated mix of network awareness attributes (i.e., network connection, device capabilities, service plan), customer behavior, and profile information that can be used collectively to determine the next best action to take in support of the customer.

By enriching data with insights and context, a provider can not only bolster its organization's ability to better serve its customers but also potentially improve the effectiveness of marketing, sales, and customer support activities. The provider can enhance the value it creates and provides to its customers and thus differentiate itself — both its organization and its offerings — from its competitors. By effectively doing so, the business can elevate the competitive playing field to a level where the organizations involved are required to compete on more than just price.

To achieve the maximum benefits that contextual information and insights can provide requires not only investment in new solutions, integration with existing systems and operations, revision of processes, and new training but also the strategic intent at the top of the organization to recognize the latent value inherent in contextual information and the willingness to drive the organization to evolve "standard operating procedure" to a higher standard for the benefit of both customers and the organization itself.

SITUATION OVERVIEW

Connected Consumers and the Digital Economy Are Driving New Expectations

The world is changing rapidly, and information is emerging as the new currency of business and the basis for true competitive differentiation, innovation, value creation, growth, and richer customer experiences. Organizations of all types, but especially information, communication, and entertainment providers such as CSPs, cable operators, and media/content companies, are now expected to better serve their customers by somehow understanding their often unspoken needs and preferences. In fact, customers operating in the new digital economy have come to expect that their preferred digital merchant(s) can better serve them because today's customers know that many service providers have a great deal of relevant usage data, account and services history, buying behavior, and more at their disposal, and some of that information, such as context and location, is real-time data. As such, providers are expected not only to know more about their customers' interests and preferences but also to use this information to better meet their customers' service and support needs. The question remains whether today's digital service providers are optimally leveraging all of the data at their disposal to provide richer and more personalized customer experiences and interactions.

One of the key elements to better serving customer needs is to understand the customer's context, with the general notion of context being an amalgamation of customer history (e.g., usage patterns, buying behaviors, contact preferences) combined with certain attributes. Fortunately, in the communications industry, service providers have the ability to enrich communications across all channels to create consistent and compelling promotional messages, customer support interactions, and more with real-time contextual data and insights. By real-time contextual data and insights, we mean a correlated mix of network awareness attributes (i.e., network connection, device capabilities, service plan), customer behavior, and profile information that can be used collectively to determine the next best action to take in support of the customer.

By leveraging contextual data and insights, service providers can improve their effectiveness and value to the customer regardless of whether the communication or interaction occurs over the phone with a customer service representative (CSR), via email, on a Web site, or via text message. In the end, communications service providers and businesses of all types need to address rising customer expectations for more personalized, valuable, and relevant communications and more informed interactions with service providers and their personnel. This important objective can be achieved with the help of contextual insights.

What's Wrong with How We Interact with Our Customers Today?

Today, many organizations deal with large volumes of continuous customer/user interactions in their multichannel communications–related activities and struggle to:

☑ Learn more about the customer on the other end of the interaction

☑ Predict individual customer needs in the moment (i.e., in real time)

☑ Gain actionable insights on the best customers in order to be able to find more like them

☑ Make informed decisions on how to message to and manage customers/prospects

Customer information can change in an instant, so relying on information that is even one hour old could be a costly mistake. However, CSRs frequently make decisions and manage customers based on information that is not up to date or complete. Unfortunately, this situation is commonplace and leads to time, money, and effort being expended on unnecessary or irrelevant communications with customers or costly premium handling of lower-value customers.

Local businesses such as your neighborhood beauty salon, butcher, or dry cleaner or your favorite restaurant can easily provide personalized service because they know who you are the instant you walk in. Thus, their (mental) database tells them who you are, what you like, what you've bought in the past, etc.

Internet- and network-based businesses, especially large organizations, inadvertently treat their customers as a commodity because they can't identify them quickly. For instance, when customers call into a contact center, they are typically faced with an IVR, regardless of their value, loyalty, and financial history with the CSP. Wouldn't it be better to route high-value customers directly to live agents who know their identity and the services to which they subscribe and can immediately interact with them in a more personal and appropriate fashion commensurate with their value to the organization and potentially offer them additional services that may be of interest? That sort of experience may seem impossible to replicate for a large service provider, but it isn't. It is just the sort of personalized interaction that customers are seeking and will respond to in a positive way.

Communications service providers can quickly make great strides to personalize promotional messages, customer support interactions, and other sorts of multichannel communications by utilizing insight gained from contextual information combined with customer account data. In fact, these insights can be delivered from a trusted partner accurately, in real time, one interaction at a time. With today's highly advanced computing capabilities, a CSP's customer-facing representatives can receive current and complete customer contact information combined with contextual and related insights from a trusted partner so that they can provide a personalized interaction that also enables them to upsell/cross-sell relevant new services to the customer.

For example, if a long-standing customer phones a call center and is subscribing to only one of the many services that the CSP offers, customer account information combined with predictive, aggregated contextual insights (e.g., demographic and psychographic profile information such as age, income, propensity to travel) would prepare the CSR to offer certain new services that may be very relevant and useful to the customer (see Figure 1).

FIGURE 1

Insights Are Most Valuable When Delivered at the Point of Customer Interaction in Context
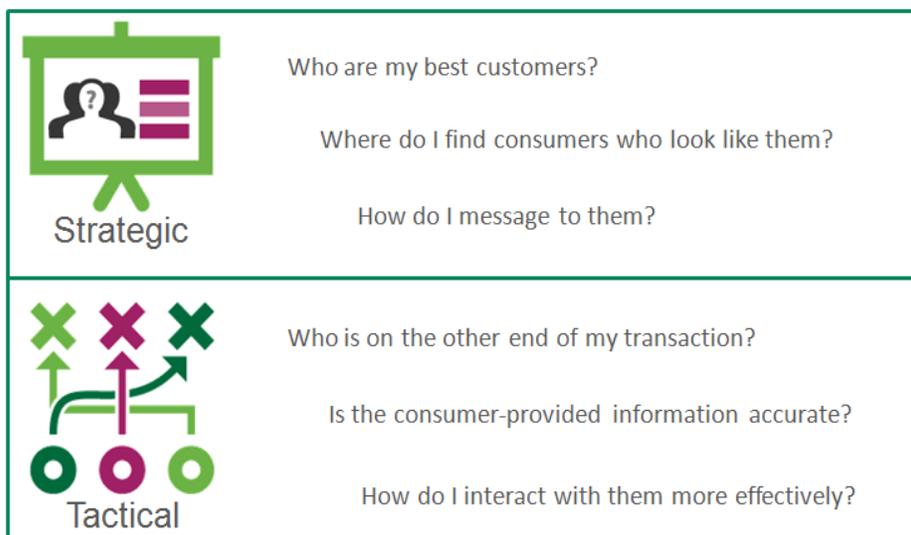
Source: Neustar, 2013

Organizations seeking to both differentiate their offerings and provide incrementally more value than competitors should consider newly available approaches to address increasing customer demands and expectations for improved quality of interactions, consistent communications across all channels, and better service experiences. Given the declining revenue in key product categories and the need to more rapidly grow revenue in nascent product/service categories such as mobile data, M2M, and cloud-based services, contextual insights can provide an increasingly important competitive advantage that should be leveraged and exploited by service providers in as many ways as possible.

Enriching Communications with Contextual Insights Creates Competitive Advantage

Insights gleaned from context can help providers personalize every interaction and communication they have with their customers as well as enable providers to better predict which applications, content, and service offerings are likely to be most relevant for each user based on the user's interests/needs. For example, based on just *one* identifier, such as name, address, phone number, or email address, CSPs can know *who* they are interacting with, *what* they should offer them, *how* they should interact with them, and more (see Figure 2).

FIGURE 2

Neustar's On-Demand Insight Engine

Source: Neustar, 2013

The customer service life cycle is set in motion when a business identifies its ideal target market and then builds a strategy around how to capture share in that market. Today, organizations can dramatically enrich their own customer data by linking it to available aggregated, household-level demographic, psychographic, and geographic attributes to build better promotional strategies to attract their target audience. By doing so, organizations can more consistently deliver compelling offers to customers and prospects. CSPs can work with trusted information service providers that offer these new technologies to learn more about their customers' behaviors, preferences, and attitudes and related data so that they can better understand how to reach more consumers similar to those in their current customer base.

For example, by grouping national household data into homogeneous groups, service providers can leverage customer data, campaign history, and broad survey data to create predictive segments from U.S. households with:

☑ In-depth granularity at the household level

☑ Superior accuracy for segmenting audiences

☑ Powerful predictive capabilities to reach and more appropriately message to their ideal audiences

Empowering a service provider's organization with these capabilities allows it to answer the following questions:

☑ *Who* are my best customers?

☑ *What* are their needs/interests?

☑ *Where* do I find more consumers like them? (by geography and/or channel)

☑ *Where* do I reach them based on media consumption preferences and habits?

☑ *How* do I message to them?

Equipped with this information, the organization is better positioned to consistently provide a high-quality customer experience across channels and meet rising customer expectations for more informed and valuable interactions and communications, whether for customer support or more relevant promotions.

Personalizing Every Interaction and Differentiating Your Customer Service with Context

Consider the example of a global media and entertainment giant that has leveraged context to equip its CSRs with very specific and relevant contextual information so that when a valued customer calls the contact center, the CSR who fields the call is able to provide an informed and highly personalized interaction acknowledging the customer's loyalty and experiences with the company. Thus, for example, if a customer calls into the organization's contact center from his or her mobile phone, but the company doesn't have the customer's mobile phone number on file, the company can use identification services to provide the agent with information about the caller's identity and additional contact information along with "contextual" insights.

By leveraging identification technologies, the media and entertainment company is enabling customers to immediately feel "known" and recognized for who they are, so there is the potential for customers to have a more pleasant and personalized experience with the company rather than being treated as unknown callers.

Our Multichannel Society Is Comfortable with Multichannel Interactions Enriched with Context

Additionally, all customer-facing departments should leverage all forms of communication consistently to enhance the quality of the customer's experience with the organization across all channels in order to build brand loyalty. This requires each communication and/or interaction to be conducted with as much insight as possible, which includes leveraging the customer's real-time contextual information.

Indeed, contextual insights have the power to bestow a greater understanding about the customer and, generally, will enhance the value of the communication. As such, insights gleaned from context can and should be integrated into all facets of the service provider's organization to derive all possible benefits: from marketing and sales to product management and customer service. Contextual insights have the potential to better enable personnel to do their jobs more effectively, help drive revenue growth, and improve customer satisfaction and loyalty.

Improving Business Outcomes

By being context enabled, an organization will be more capable of holistically improving the quality of customer experiences and interactions. Knowing the customer on the other end of an interaction makes it possible for an organization to:

- ☒ Customize and personalize interactions by creating targeted, predictive messaging based on the customer's status and aggregated segment data

- ☒ Increase revenue and create new value and improved satisfaction for customers by personalizing communications and cross-sell and upsell offers by leveraging highly predictive insights into a customer's unique interests

- ☒ Lower operating expenses by managing customer interactions and communications more efficiently and effectively

- ☒ Safeguard customer privacy by leveraging secure technology that provides answers without exposing personal information (aka "privacy by design")

- ☒ Speed return on investment (ROI) for networks and systems, as well as improve the effectiveness of marketing and sales and customer support activities

Especially in operations and customer support, doing it once and doing it right the first time will create a positive customer experience and can provide long-lasting benefits to the CSP.

CSPs Can Now (Finally) Capitalize on the Vast Revenue Potential Associated with New Advertising Opportunities

By enlisting the assistance of a trusted vendor that works with online advertisers, ad agencies, trading desks, demand-side platforms, data management platforms, ad exchanges and networks, mobile partners, and publishers, CSPs can begin incorporating offline data insights, marketing analytics, and predictive segmentation for online audience targeting. Solutions exist that enable brands to reach targeted online audiences with:

☑ **Quality data —** using authoritative, corroborated, and current consumer information and attributes

☑ **Improved reach —** obtaining broad and accurate external data that's right, right now

☑ **Granular segmentation —** delivering customized audiences with maximum affinity and impact

☑ **A broad delivery capability —** allowing enterprises to reach audiences with a high degree of confidence regardless of location or CSP affinity

☑ **Privacy by design —** security-assured technology that provides answers without exposing personal information, thereby protecting customer privacy

With new contextual insights, a CSP can enjoy increased revenue generation from more effective campaigns and/or promotions and targeted marketing, as well as improved real-time upsell/cross-sell recommendations.

CHALLENGES AND OPPORTUNITIES

No matter how well established or experienced a vendor is, there are always some challenges. For Neustar, one such challenge is fighting the long-standing perception that the company is only a trusted infrastructure technology provider that supports national text messaging, resolves DNS queries, supports geolocation searches, and supports the completion of billions of daily phone calls within the United States. However, Neustar has made several strategic acquisitions, including TARGUSinfo in 2011, and is now a much more comprehensive trusted solution provider of technology and information services to the Internet, communications, marketing, and media industries. Therefore, at this juncture, one of Neustar's challenges is to successfully package, reposition, and message its rich technology portfolio into high-value solutions for CSPs, enterprises, and marketing and media firms.

In addition, CSPs in particular struggle with sharing customer data, even with a trusted third party. As such, Neustar faces the challenge of convincing CSPs and other target client sets to trust it with their customer data so that Neustar can provide greater value back to the enterprise. From IDC's perspective, there are few companies in the world that we would trust more than Neustar with customer data. Thus, we expect that, over time, the company will be able to demonstrate the security of its new solutions and continue to enlist the trust and engagement of global CSPs and enterprise clients, as has been its hallmark for many years now.

Also, in the world in which Neustar operates, there are always requirements for compliance with government/regulatory agencies and rules associated with tariffs, handling of customer information and call detail records, data archival and retrieval requirements, and more. In this regard, Neustar is well equipped with resources and expertise to address such concerns. Nevertheless, clients continue to be wary of sharing information, which is an ongoing impediment to mutual success. Specifically, some of the main concerns and challenges that Neustar should focus on addressing with clients and prospects are:

☑ Data privacy

☑ Need to understand how context solutions work in conjunction with operational systems

☑ Uncertainty about costs and requirements of contextual insight solutions (There is some market uncertainty about how context-enabling technologies will integrate with legacy systems and exchange information in a secure manner with the speed required by service providers.)

While Neustar has a few obstacles to overcome, mostly with regard to its target market's lack of understanding about how Neustar's capabilities can benefit organizations, the company is well equipped with personnel, expertise, and information technologies to capitalize on today's dynamic digital economy. Unlike other companies that are still formulating their strategies for the digital information era, Neustar has made investments, extended its target market, and developed solutions in support of its innovative strategy, and it now has a broader and more diverse portfolio that addresses the newly expanded needs of its client base. IDC believes Neustar is well positioned as a trusted, neutral provider of real-time information and analytics solutions capable of delivering multichannel solutions that provide information insights and marketing analytics. Accordingly, Neustar should not struggle long in its mission of continuing to be the trusted, neutral provider of solutions to global CSPs and enterprise clients.

ESSENTIAL GUIDANCE

Over the years, the quest for efficiency has commoditized the relationships CSPs have developed with their customers. Treating customers as a commodity encourages them to treat you, their service provider, in the same way. Also, the majority of interactions a customer has with its service provider are transacted via Web sites and contact centers, and most of the metrics reports that service providers use typically show transaction success for these channels. However, transaction success does not equate to customer relationship success.

Each customer interaction is an inflection point for the customer relationship; a good experience deepens the relationship, an indifferent one further commoditizes it, and a commoditized relationship drives churn. A means to change the dynamic at the inflection point is to have relevant information available to tailor the customer's experience and deepen the relationship in a meaningful way.

Ultimately, there are many departments and business processes within a service provider's organization that can derive value from adding contextual insights. It is important for businesses undertaking a contextual insight enablement initiative to identify the most critical business processes that should be enhanced with contextual insights. For example, in the customer service and support realm, the more personal the interaction, the better the customer feels about its interaction experience. Also, the faster CSRs are able to identify callers and speak with them in a manner that demonstrates knowledge about who they are, what services they have, where they are, buying history, geographic location, loyalty, and such, the faster CSRs will likely be able to resolve issues and move on to work with other callers.

CSPs have the data, and the technology is available from trusted information services and technology vendors to supplement communications and interactions with contextual insights that can create a more personalized experience for the customer and thus strengthen the service provider's relationship with its customers.

Today, many new alternatives are available to innovative companies that recognize the value of investing in differentiating the interactions and communications they have with their customers versus simply treating all customers the same, no matter the loyalty or value. It has been shown that the value of a customer's experience with a provider can be greatly enhanced when the customer is treated as a known and valued client with specific contact preferences, buying/service history, etc. Doing so can clearly help prevent churn and bolster customer loyalty and ARPU.