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Competing on analytics

Status quo of Customer Intelligence in the Netherlands

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Management summary





Importance of Customer Intelligence

- As the number of companies increases that use strategies in which **knowledge of individual customers** plays a crucial role, the importance of the insights in the essential skills of the Customer Intelligence (CI) function become more important.





Meaning of Customer Intelligence & Analytics

- › Customer Intelligence (CI) means systematically collecting, selecting, unlocking, analysing, interpreting and distributing customer information in order to develop, maintain and deepen relationships in order to increase customer knowledge and also often reach higher profits*.

* (o.a. Mitchell 2007)



Study CIC and VODW: CI becomes more professional

- › Research amongst 183 Dutch companies in many industries from B-to-C markets shows that companies become more professional in Customer Intelligence (CI) through the years.
 - More data is available than five years ago, for example with regard to customer-initiated interactions and customer satisfaction.
 - Advanced analysing techniques such as CHAID, logit/probit analysis, factor analysis and neural network are used more often.
 - 20% of the companies exceeds in actuality, completeness and accessibility of the data.
 - 16,5% of the respondents have positively expressed themselves about the accomplished research.



Employee skills are important

- › Next to good data and correct analyses, the employee skills are also important for an effective CI-function.
 - CI-employees must be capable of identifying information needs, understanding questions of Marketing and explaining the results of their analyses.
 - And Marketing-employees must be capable of clarifying the information needs, understanding the results of the analyses and making decisions based on hard facts.
 - 12,7% of the respondents are extremely positive about the CI/MI employee skills*.
 - 21% of the respondents states that Marketing-employees have good to excellent CI/MI skills.

* MI is a common abbreviation for Marketing Intelligence, and CI stands for Customer Intelligence.



Only one fifth of the companies is advanced

- › Almost 20% of Dutch companies that are being inspected have a very professional CI function.
 - They distinguish their company from other companies by better quality of data, analyses and CI-skills. In these companies Marketing uses CI a lot. Also, there's a good coordination between Marketing and CI.
 - The research shows that CI capacities of the CI-department and the Marketing department increase the operating results. This means it pays off to invest in CI marketing-wide.
 - CI-capacities are a crucial, but not sufficient condition for success. For companies a customer centricity-strategy is of great importance. In the end, this strategy is most important in delivering the operating results.



Cluster analysis: relationship CIQ en operating results

- › With the help of cluster analysis we discovered that there's a group of companies that has a high score on the CI-skills. This group of companies is called the cluster with a high CIQ* (Customer Intelligence Quotient). Also, a group with a low or average CIQ is discovered.

- › The group with the higher CIQ* comprises 33% of the companies. It distinguishes fundamentally from others by a better quality of data and analyses, skills of the CI-function, CI-skills in the Marketing function, collaboration between CI/MI and Marketing centricity strategy. **This group shows better operating results.**

* With CIQ the total score of different variables is meant, for example data and analyses, skills of the CI-function, CI- skills in the Marketing function, collaboration between CI/MI and Marketing and centrality strategy.



Our research results confirm a relationship
between CI-skills and operating results





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Customer Intelligence

What is it and why is it important?

