



# The Need for Customer Analytics

# WHY Customer Analytics?

1. Because humans are poor in judgement and decision making, using analytics leads to:
  - Better Decisions. Informed decisions. Data-driven decisions.
2. The more you understand customers, the more accurately we can predict future buying behavior patterns.
3. Customer Analytics leads to operational efficiency

1. Humans are poor in judgement and decision making. Customer Analytics leads to:
  - Better Decisions
  - Informed decisions.
  - Data-driven decisions

**When dealing with people remember you are not dealing with creatures of logic, but creatures of emotion.**



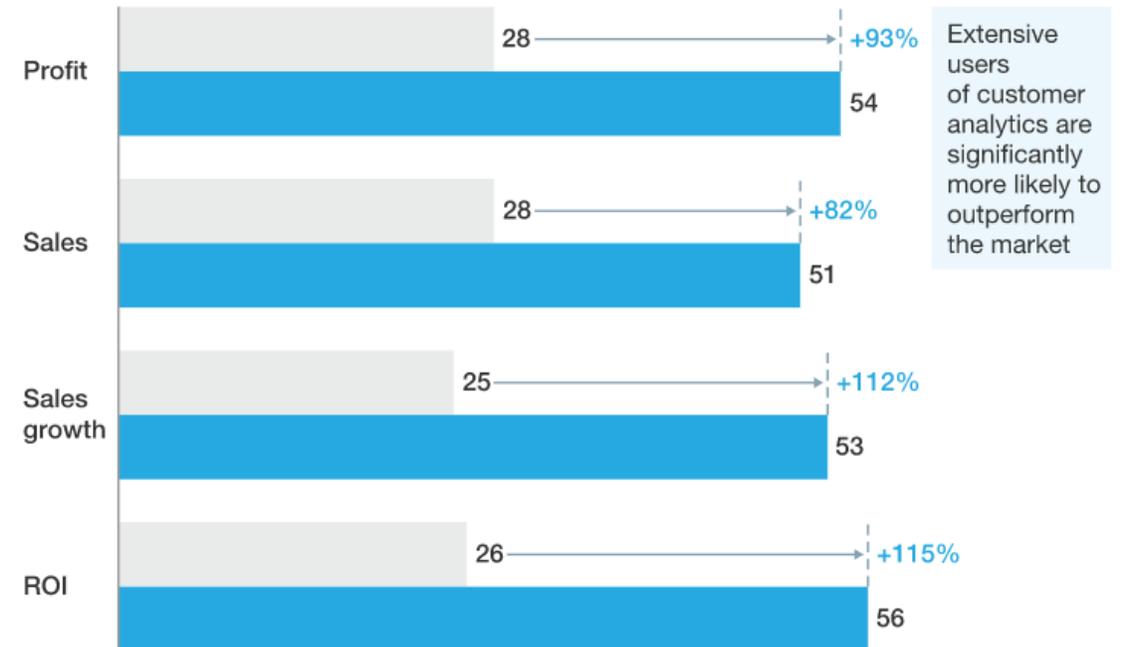
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## Extensive use of customer analytics drives corporate performance heavily.

% of companies above competition<sup>1</sup>

■ No extensive use of customer analytics<sup>2</sup>

■ Extensive use of customer analytics



<sup>1</sup>Based on "Please describe the performance of your firm/business unit in the following areas relative to your average competitor." "Above competition" defined as 6 to 7 on 7 point scale: 1 = Well below competition, 7 = Well above competition.

<sup>2</sup>Based on "Please indicate how much you agree or disagree with the following statement: In our firm/business unit, we extensively use customer analytics." Scale 1 to 7: 1 = Strongly disagree, 7 = Strongly agree. Comparison of low 2 vs top 2 box.

McKinsey&Company

### 3. Operational efficiency.



**Streamlined campaigns:** You can target your marketing efforts, thus reduce costs.



**Reduced waste:** Manage your inventory better by anticipating customer demands.



**Loyal customers:** Delivering the right features at the right price increases customer satisfaction and leads to loyal customers, which are essential for long-term growth



**Competitive pricing:** You can price your products according to demand and by what customers expect.



**Faster delivery:** Knowing what products will sell when and where allows manufacturing efforts to anticipate demand and prevent a loss of sales.



**Customization:** Customers can select from a combination of features or service that meets their needs.

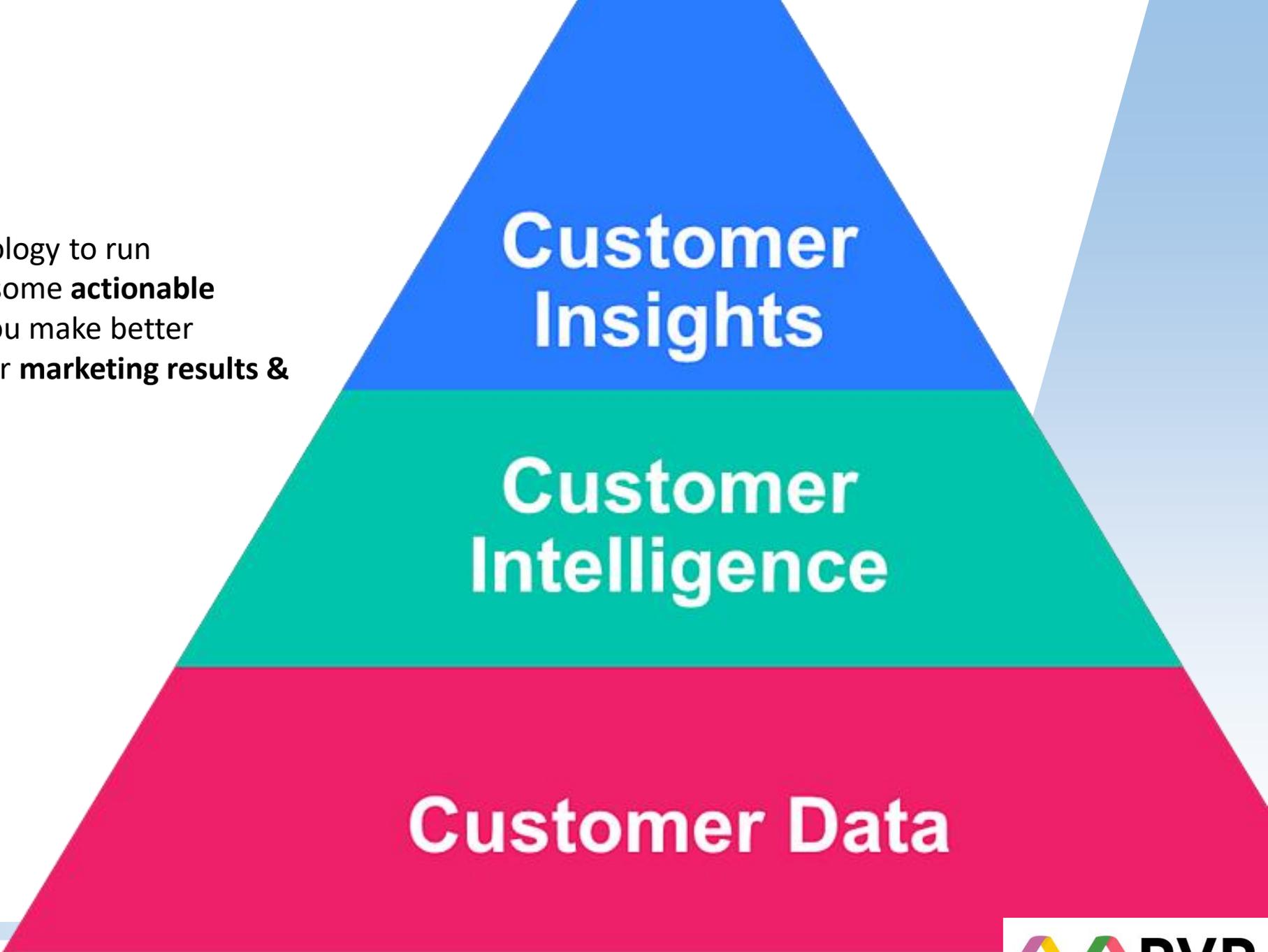


**Higher profitability:** More competitive prices, reduced costs, and higher sales are results of targeted marketing efforts.

# What is Customer Analytics?

Customer Analytics is “the use of analytics to study customer behavior for effective business decisions through market segmentation and predictive analytics.”

You have **data** → you use technology to run some **analytics** on it → you get some **actionable insight from it** which will help you make better decisions → that can drive better **marketing results & ROI**



**Customer  
Insights**

**Customer  
Intelligence**

**Customer Data**

## Customer analytics involves:

- ✓ **Gathering data:** Pull together customer purchase records, transactional data, surveys, and observational data at all phases of a customer's journey.
- ✓ **Using mathematical models to detect patterns:** There are many number crunching, statistical analysis, and advanced modeling techniques that help turn raw data into more meaningful chunks.
- ✓ **Finding the insight:** From the patterns of the data come insights into causes of customer behavior.
- ✓ **Supporting decisions:** Understanding past behavior helps predict future customer behavior from data instead of relying on intuition.
- ✓ **Optimizing the customer experience:** Detect problems with features, purchases, and the product or service experience.
- ✓ **Mapping the customer journey:** From considering, purchasing, and engaging with products and services, mapping the touchpoints and pain points helps identify opportunities for improvement.

# Case Study: How Amazon uses data for enhancing customer experience



- **Amazon** gets access to a wide range of customer data, owing to its presence as the biggest online one-stop shop for anything and everything you want. Through a strong recommendation engine, that feeds on browsing data from users, Amazon helps its users make convenient buying decisions instead of getting lost in the huge variety it offers.
- In addition to what you buy, it gathers data about what you explore on the site, time spent browsing each page and much more, to build a 360-degree view of the customer. It further uses this information to not just help you find what you need much more conveniently, but also for lookalike-modeling to reach out to other similar people with product recommendations.

Source: <https://www.toolbox.com/marketing/marketing-analytics/articles/what-is-customer-analytics-definition-process-key-trends-and-examples/>

# Let's **CONNECT**

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7F Don Chua Lamko Building,  
100 Leviste St., Salcedo Village  
Makati

Tel: (+632) 8404 9524

[info@pvpi.ph](mailto:info@pvpi.ph)

<https://www.pvpi.co/>