

# Do your customer insights have enough degree of intelligence

Leveraging on better quality customer insights is a great competitive advantage to companies. Companies need to source for the best talents to help them in this.



It is heartening to see many companies in Singapore investing substantially in customer insights. But the returns on these investments differ substantially from one company to another. The key reason for this difference lie in the degree of intelligence the customer insights bring to companies. Better ‘quality’ customer insights bring about a higher degree of intelligence and hence offer a greater competitive advantage to companies. For example, insights arising from analyses that focus on customer modeling (allowing for predicting customer behavior) bring about far greater competitive advantage than those using descriptive statistics.

Some large and sophisticated American and European multinational companies know this. They pursue such insights relentlessly and leverage on them for a competitive advantage over their competitors. Many of these companies also recognize the limitations of their in-house pool of expertise in producing such forms of customer insights, which often brings

together creativity in the use of insights and the use of advanced analytical methods with long learning curves. Consequently, these companies seek the best practice oriented professors to help them with their customer intelligence function. For example, ABB Electric worked with Professor Dennis Elwing to help them ‘capture’ customers from competitors through the creative use of a B2B segmentation approach while Professor V. Kumar and his team helped an American telecommunications company win customers through a unique segmentation method that involves the use of customer lifetime and referral values (The marketing campaign effectiveness using this method had an ROI of 13.6 times compared to the industry’s usual 4 to 6 times!).

Very few local and Asian MNCs are able to match their American and European counterparts in this department. Interactions with customer insights departments of these companies reveal that most use only basic descriptive analysis to know how they had performed in various areas e.g. service quality. Many had never benchmarked

themselves against their competitors, let alone use advanced analytical methodologies to learn more about their customers. There are a few reasons that could explain this dismal state of the customer insights industry and it is hoped that pointing out these will help companies reflect on their weaknesses and subsequently work on them.

A key reason for companies not being able to obtain better quality customer insights has to do with talent within their organizations. Executives employed in customer insights functions may not be aware of the various analytical possibilities and hence senior management has to make do with only insights that their in-house team could generate. This organizational predicament is not surprising since these management executives, most of whom are graduates, have only been exposed to basic quantitative decision making modules (e.g. marketing research) during their undergraduate programme. These modules are basic and do not provide for the skills and expertise for more advanced analytical work.

work with more advanced customer insight partners that can help them with this organizational function. As these consultants are usually of a far higher caliber (both in academic qualifications and expertise) than general marketing research service providers, their fees also tend to be higher than the latter. Hence budget constraints may prevent such collaborations from

working out. However, before ruling out this option, companies should realize that the value these partnerships bring can lead to significant improvements in their marketplace outcomes, which often far outweigh their customer insights spending.

The company that wins the war for talent wins the war in the mar-

ketplace. Successful companies recognize this and work on them. These companies have continued to grow. Local and Asian companies must keep up with and outdo their competitors in leveraging on better customer insights or risk falling behind.

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