

## Blue chip investment in customer insight just not delivering

Investment in customer insight is simply not delivering, according to a new marketing research survey of blue chip companies conducted by The Database Group. A presentation to over 40 Senior Marketers at IBM Southbank revealed some interesting and surprising results.

Even though 52% of middle and senior marketers agreed that their organisation understood the value of customer retention, only 33% are actually able to calculate the profitability of their customers; and just 27% were able to predict attrition of their high value customers. Attrition rates remain demonstrably unmeasured. Says Professor Merlin Stone, Director of The Database Group: "the need for insight into what happens to customers in the period during which attrition is a risk, has only just come onto the radar of most big companies in industries likely to suffer from high customer attrition, such as mobile telephony, internet service provision, utilities, credit cards and general insurance. In many cases, companies have only just got their basic data into the state where customer attrition can be properly analysed". Another area of continuing weakness identified by the survey is testing using modelling and piloting. Over 27% of respondents rarely or never test customer retention initiatives before full blown implementation. (These findings support the findings produced by QCi's Customer Management Assessment Tool (CMAT) where these kinds of weakness have been visible for some time).

The research also made apparent the investment many companies have made in customer data management. The highest scoring areas related to holding, collecting and managing data the key foundations for any successful retention initiative. Perhaps surprisingly, though, only 33% of companies had a single customer view. Professor Stone says of the findings: "despite the gaps revealed by the research, my conclusions are not negative.

It is easy to forget the poor state most customer databases were in a few years ago. It takes years, sometimes decades, for good ideas to be translated into reliable, repeated practice. So my take on the research is that it shows that progress is being made, and that if we were to repeat it in a few years time we'd see a steady improvement in the numbers".