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How Analytics Drives Customer Life-Cycle Management

Vision: The Customer Analytics Playbook

by Srividya Sridharan and Brandon Purcell
October 30, 2015

Why Read This Report

With the growing importance of customer insights in organizations, the role of analytics to extract insight and embed it back into organizational processes is at the forefront of business transformation. However, marketers predominantly enable measurement and analytics infrastructure to serve the needs of customer acquisition, with a limited view toward the entire customer life cycle. Forrester recommends deploying various analytical techniques across the customer life cycle to grow existing customer relationships and provide insight into future behavior.

This is an update of a previously published report; Forrester reviews and updates it periodically for continued relevance and accuracy.

Key Takeaways

Analytics Must Yield Actionable Insights, Not Passive Information
With the explosion of customer data, customer insights professionals tasked with turning data into compelling and relevant insights require analytics to be enforceable, accurate, timely, and delivered appropriately. Few firms use analytics to drive insights; instead, they use it as a source of information about customers.

Current Analytical Approaches Miss The Mark
Current analytical approaches use the traditional funnel-based method to marketing and focus on driving behaviors that lead to acquisition. The funnel-based focus means firms rely on volume growth versus long-term profitability; obsess about channel metrics versus customer metrics; and settle for aggregate, descriptive analysis.

Make Customer Analytics Pervasive Across The Life Cycle
To effectively use analytical techniques across the six stages of the life cycle -- discover, explore, buy, use, ask, and engage -- firms must align life-cycle perspectives between the firm and the customer, determine the breadth and depth of analytics intervention, and use customer value and profitability as a common thread across the business.

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Notes & Resources

Forrester interviewed scores of user and vendor companies, including Acxiom, Brookstone, Corona Direct, Farmers Insurance, IBM, Intuit, and Pitney Bowes.

Related Research Documents

The Customer Life Cycle: A Blueprint For Customer-Obsessed Enterprises

TechRadar™: Customer Analytics Methods, Q1 2014

Analytics Must Yield Insights, Not Information

The age of the customer is a reality, radically changing the way customers interact with firms.[1] Every customer interaction leaves a trail of customer data waiting to be analyzed. Firms that focus their budgets on customer intelligence will thrive in this environment.[2] But few firms have tapped into the intelligence zeitgeist. Our research shows that about one-fifth of business decision-makers don't really understand what big data is or still believe that big data is a lot of hype.[3] Customer insights (CI) professionals — those tasked with turning this multitude of data into insights — require analytics with:

› **Enforceability to drive business results.** CI professionals who use analytics to drive business results rather than to support a reactive reporting role do not tolerate nice-to-know insights like "high-value customers tend to buy across more channels." As a senior marketer at a large insurance company put it, "Much of the work of the strategy and analytics group at our company is reactive, not proactive — very connected to specific events, but business operators using the insight were not engaged in driving the action."

› **Accuracy to instill confidence in analytic outputs.** Firms frequently make marketing decisions such as new product innovation, channel selection, and media buying based on customer data. Bottom line? Reliable insights are a planning necessity, not a one-off luxury. An interactive marketer at a leading health insurance company told us that his first priority, in an effort to boost stakeholder confidence, was to ensure data integrity from various interactive channels and verify accuracy at any given point in time — which is especially important in a regulated industry.

› **Speed and timeliness to ensure relevance at the point of interaction.** To keep up with attention-strapped customers, CI professionals must equip themselves with insights at a faster pace. The timely delivery of insights depends heavily on the technology and process infrastructure. But equally important is the relevance of insights at the point of customer interaction.[4] For example, a leading hotel chain uses scored customer data to deliver timely, relevant messages to customers at every point of interaction, from the call center to the reception desk.

› **Effective delivery for better communication to internal stakeholders.** Groundbreaking analysis is futile without effective communication.[5] Stakeholders unfamiliar with analytics often misinterpret results and place data out of context in internal communication, diminishing the value of data-driven decisions. As a senior marketer at a leading retailer of household goods and electronics told us, "Our powers of storytelling are called into play when we communicate to a non-data-oriented audience. By telling a story, we create digestible and tangible customer profiles."

Current Analytics Approaches Miss The Mark

Marketers continue to focus on awareness, acquisition, and marketing return on investment (ROI) as their top priorities.[6] As a result, CI professionals primarily use analytics to measure marketing channel and campaign performance and neglect the notion of customer development. This funnel-based focus means that firms:

› **Rely on volume growth versus long-term profitability.** The funnel-based approach to marketing rewards marketers for volume sales and not customer portfolio growth.[7] This single-minded pursuit of growth has a sting in the tail: Firms lose sight of the downstream cost to serve the newly acquired customers. Corona Direct, Belgium's second-largest direct insurance company, experienced this problem when the cost to secure new customers exceeded first-year revenues by almost 50%, forcing it to rethink its growth-only strategy.

› **Obsess about channel metrics versus customer metrics.** The opportunity to influence customer experience with insights from operational, volume-based metrics is far more limited than it is with customer-focused, value metrics such as loyalty, satisfaction, and lifetime value. Customer-focused metrics provide critical clues to service- or experience-related issues — such as when to offer incentives or how to plan for service upgrades — that further feed into retention programs. Channel metrics, on the other hand, purely optimize acquisition programs. Industry laggards track marketing effectiveness metrics such as campaign lift and response more widely than customer-focused analytic techniques like retention modeling, a metric industry leaders are more likely to track.[8]

› **Settle for descriptive, aggregate analysis.** Static, historical, and descriptive analysis does a good job of describing the past but does little to inform future action. As such, CI professionals should turn to advanced analytical techniques such as prediction and optimization. But we still see higher usage of descriptive analytics than predictive or optimization techniques.[9] For example, a large insurance company built a new customer experience team with the intent of shaping the postpurchase relationship process between the sales agent and the customer using analytics — focusing more on top-of-the-funnel measurement of quotes and conversion instead of downstream metrics that signify improved customer experience.

Make Customer Analytics Pervasive Across The Life Cycle

Marketers can no longer sustain growth through acquisition alone; instead, they must manage the entire customer life cycle to maximize the value of their customer portfolios. Forrester defines the customer life cycle as:[10]

The enterprise's view of the phases a customer passes through in the course of an ongoing relationship with a company.

A life-cycle view of the customer forces CI professionals to manage customer relationships rather than campaign execution. Forrester has identified key customer analytics techniques that should be a part of every CI professional's toolkit.[11] To use various analytical techniques effectively to influence the customer's life cycle, CI professionals must (see Figure 1):

› **Align life-cycle perspectives between the firm and the customer.** The customer's view of the decision-making life cycle is different from the way firms design initiatives centered on acquisition, onboarding, retention, and loyalty efforts. To select the appropriate analytical technique, align life-cycle programs with the way customers go through their decision-making (see Figure 2).

› **Determine breadth and depth of analytics intervention.** Depending on the analytics capabilities that exist either in-house or through analytical partners, CI professionals must: 1) determine the extent to which analytics will help improve a customer's experience; 2) reduce dissonance in a customer's mind about competing brand choices; or 3) build loyalty. This is essential to optimize analytics requirements to map out the scope of use across various customer and marketing processes.

› **Use customer value and profitability as a common thread.** Applying analytics across the life cycle helps identify opportunities to extend the customer's lifetime value and prompt value-generating behaviors. With customer value as the underlying goal, firms acquire more profitable customers through better targeting, reduce the cost of acquisition in the early stages of the relationship, cross-sell and upsell to the right customers, and increase wallet share through loyalty, retention, and recovery programs (see Figure 3).

FIGURE 1 Commonly Used Analytical Techniques

Technique	Description	Example
Classification/ propensity	Used to predict an event or the likelihood of an occurrence of an event when there are two possible outcomes for the event	Churn prediction
Estimation/ regression	Similar to classification models but used to estimate a continuous value versus a binary outcome	Cross-sell model
Clustering	Used to analyze data patterns and identify groupings of customers; new customers are subsequently scored against created clusters.	Behavioral segmentation model
Association/ affinity	Used to detect associations between discrete events, products, or attributes	Market-basket analysis
Sequence	Used to detect associations over time	Path analysis

FIGURE 2 Align Life-Cycle Perspectives Between Firm And Customer

Customer's point of view

- Engage
- Discover
- Ask
- Explore
- Use
- Buy

Firm's point of view

Stages of the marketing funnel

- Loyalty
- Win-back
- Cross-selling
- Retention
- Onboarding
- Acquisition
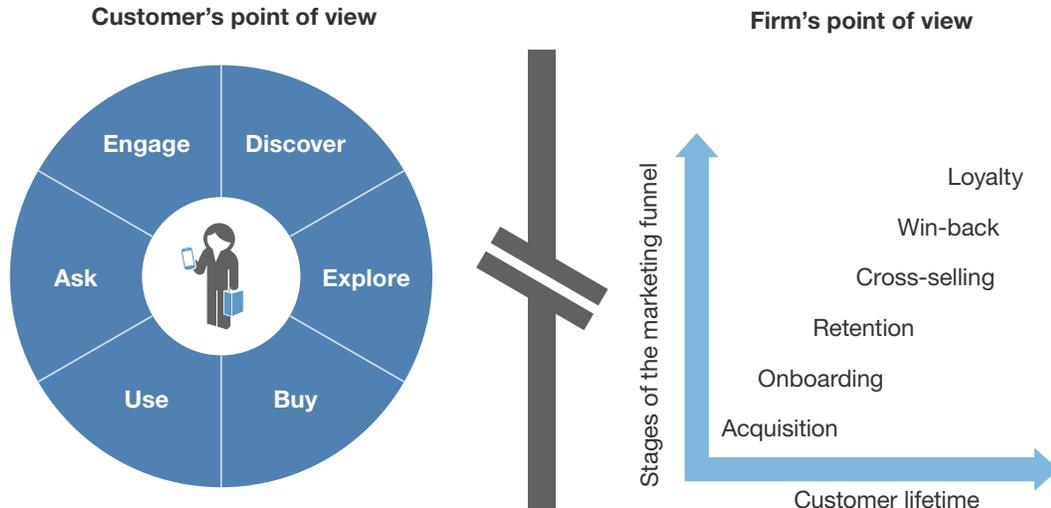
Customer lifetime

FIGURE 3 Drive Customer Value Across The Life Cycle
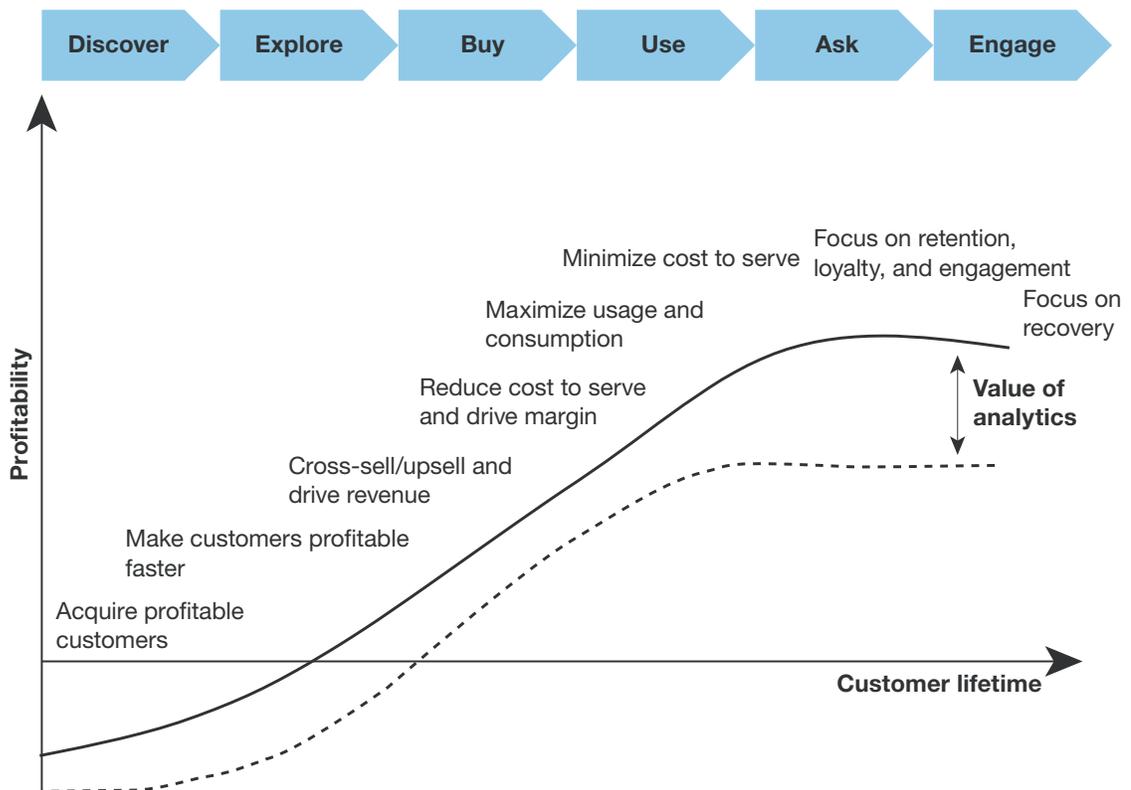
Discover → Explore → Buy → Use → Ask → Engage

Profitability

Minimize cost to serve

Focus on retention, loyalty, and engagement

Maximize usage and consumption

Focus on recovery

Reduce cost to serve and drive margin

Value of analytics

Cross-sell/upsell and drive revenue

Make customers profitable faster

Acquire profitable customers

Customer lifetime

Discover: Begin With Analytics To Gain Customer Understanding

As customers start to discover the brand, CI professionals must expand customer knowledge to understand stated and unstated customer needs and buying motivations (see Figure 4). Only then should they design appropriate offers and experiences. Analytics in the *discover* stage helps CI professionals:

› **Start with an understanding of existing customers.** Segmentation provides multiple payoffs across the customer life cycle, from acquisition through retention.[12] CI professionals must start with segmentation to build a comprehensive view of existing customers, as all targeting decisions thereafter are based on insights derived from segmentation. For example, a large regional bank built a strategic segmentation model to capture the changing financial outlook of its customers and used it to design a new value proposition and prospect marketing program.

› **Evaluate prospects with lead management and scoring techniques.** As prospects learn more about the brand, CI professionals should use lead management techniques to score prospects and focus acquisition efforts on those they expect will be most profitable. Demand generation and lead management not only increase conversion rates but also reduce direct marketing costs. For example, a multichannel credit card issuer routes inbound calls to the optimal agent based on lead scoring, creating a customized experience for each caller. The scoring ultimately increased conversion rates and revenue through increased call center productivity.

› **Reach the right prospects with look-alike acquisition models.** Historically, direct marketers used acquisition modeling to reduce the cost of mailing and increase the likelihood of response. The same principles apply across other channels seeking to attract prospects. With a predictive acquisition model, for example, a European insurance company reduced outbound campaign costs by 30% and increased long-term customer profitability by 20%.

FIGURE 4 Analytics Across The Life Cycle

Life-cycle stage	Business objective	Analytical method
Discover	Profile customers	Segmentation
	Evaluate prospects	Lead scoring
	Reach right prospects	Customer look-alike targeting
Explore	Analyze customer response	Offer/contact optimization
	Optimize marketing mix	Marketing mix modeling
	Test marketing inputs	A/B and multivariate testing
Buy	Predict future events	Propensity models
	Expand wallet share	Cross-sell/upsell
	Target accurately	In-market timing models
Use	Drive deeper product use	Product and recommendation analysis
	Understand context behind usage	Sentiment analysis
Ask	Learn about drivers of engagement	Engagement analysis
	Understand customer satisfaction	Voice of the customer analysis
Engage	Manage defection of customers	Churn models
	Personalize marketing efforts	Next-best-action models
	Maximize customer value	Lifetime value models
	Add context to behavior	Customer location analysis
	Increase depth of relationship	Loyalty models

Explore: Adapt Marketing Parameters To Customer Response

As customers explore competing brand choices, analytics helps CI professionals target the profitable customers and deliver the right message at the right time — enhancing both the value and duration of the customer relationship. Analytics in the *explore* stage helps CI professionals:

› **Analyze customer response through offer-optimization techniques.** Analyzing customer response to marketing inputs provides insights into communication preferences and message resonance.[13] Offer-optimization techniques help in matching the appropriate offer based on historical customer response, which is especially important when customers seek information about products and services through various channels. A leading accounting software firm, for example, analyzes customer response from direct mail, website, and call center channels to drive repeat purchases during the subsequent tax season.

› **Optimize marketing inputs with marketing mix models.** Marketing mix models are critical to understanding the relative impact of multiple channel interactions on customer response.[14] Using marketing mix models helps firms optimize marketing investments toward channels with better ROI and also helps with brand-building communications. For example, while firms have historically relied on econometric modeling, one large investment management company uses a regression-based marketing mix model to plan optimal spend levels across each channel.

› **Experiment with marketing inputs with various testing methodologies.** Firms test various marketing inputs, such as messaging and content, with online and offline testing methods before rolling out initiatives on a larger scale. A/B and multivariate testing, in addition to site optimization, prove popular with digital marketers who plan online testing programs.[15] A leading cable channel, for example, tests creative copy against high-lifetime-value customers to determine not only which copy resonates best but also which copy resonates with the target high-value audience.

Buy: Enhance Historical Insights With Forward-Looking Analysis

Use the insight gathered in the first two stages, through customer profiling and segmentation and channel analysis, to predict future customer behavior and, specifically, to understand how and when customers will purchase. Analytics during the *buy* stage helps CI professionals:

› **Understand future behavior through propensity models.** Use advanced predictive techniques, fueled by existing historical knowledge of customers, to build propensity models that help marketers predict the likelihood that a customer will respond to an offer or message and convert. For example, Telenor Group, a Norwegian mobile operator, built several churn and propensity models to represent customer behavior, thereby reducing churn and improving overall campaign ROI. While churn prevention occurs further into the customer relationship, churn analysis leverages propensity models.

› **Expand wallet share with cross-sell, upsell, and affinity models.** Use these models to determine the additional products and services to offer to customers based on their relationship with the firm. As relationships mature, customers build a history of interactions through service requests, product use, and other communications. You can then deploy insights from the cross-sell models through various touchpoints, such as a call center system or website. Netflix, for example, uses its recommendation engine to recommend movie titles in ways that optimize both the subscriber's taste and Netflix's inventory.

› **Target accurately with in-market timing and brand affinity models.** In-market timing and brand affinity models help marketers effectively and efficiently reach potential customers who are in the market for a product or brand. These models narrow the prospect universe to those who are actually shopping for the brand or product category. For example, one luxury auto brand narrowed potential targets that were most likely to buy by using an in-market timing model, driving conversion rates that were six times higher than average from a targeted email campaign.

Use: Uncover Patterns Of Usage Behavior

As the customer starts using the product or service, analytics helps CI professionals uncover usage and consumption patterns that drive insight about product design and innovation as well as close the gap between the consumer's expectation of the product and his or her actual experience. Analytics in the use stage helps CI professionals:

› **Drive deeper product affinity insights.** With its roots in market-basket analysis, product affinity and recommendation analysis has become the poster child for predictive analytics. CI pros in multiple verticals use it to drive average revenue and product adoption per customer. We expect that this method will be the glue that holds together various personalization-focused methods — such as next-best-action and cross-sell analysis — because it transforms backward-looking association analysis into more predictive insights about what to recommend to a customer.

› **Understand context behind usage.** Though popular today, text analytics is still hard to do accurately. CI professionals should apply it not just to social media data but also to text-heavy customer data sources such as voice of the customer (VoC) data, attributable customer conversation in social media sources, and call center transcripts to understand product and service consumption patterns. This will provide an assessment of the nature of customer comments and feedback. But text analytics is more than an aggregate, descriptive analysis method. When combined with other data sources, it can enhance predictive modeling lifts.[16] Examples of transaction- or customer-level integrations such as churn analysis or engagement modeling, however, are few and far between.

Ask: Get Smarter About Customer Interactions

The customer is well into the relationship with the brand at this stage and starts demanding additional services to augment his or her experiences. Insight about the quantity and quality of service interactions influences the overall customer experience. Analytics in the *ask* stage helps CI professionals:

› **Learn about drivers of engagement.** Customer engagement analysis identifies the volume, breadth, quality, and type of multichannel interactions (including service interactions) that result in a highly engaged customer. To move this from a nice-to-have method to a must-have outcome-based method, it must be combined with other analysis techniques that track the impact of service interactions on indicators such as purchase or response.

› **Incorporate valuable customer feedback through VoC analysis.** VoC analysis allows firms to close the loop for customer experience management using customer insights.[17] Many companies establish companywide customer feedback metrics and structured VoC programs. American Express, for example, drives its customer service strategy with a robust VoC program, tying customer feedback to employee incentives and identifying unmet customer needs during each customer call.

Engage: Elevate Analytics To Drive Customer Development And Retention

The insight derived from the first five stages of the life cycle feeds into customer-facing processes to recommend and predict appropriate actions to take with customers. In the *engage* stage of the life cycle, driving retention, loyalty, satisfaction, and profitability using analytics is vital. Analytics in the *engage* stage of the life cycle helps CI professionals:

› **Arrest customer attrition using churn models.** Churn models such as uplift modeling and survival analysis can enhance retention and identify drivers of customer dissatisfaction that cause voluntary churn.[18] This helps identify early signs of defection and allows firms to preempt customer churn with corrective actions, such as win-back or reactivation programs. Additionally, uplift modeling predicts the change in the likelihood to conduct some action, focusing retention efforts on positive responders rather than all customers.[19] For example, XO Communications, a business-to-business telecom service provider, told us it used churn modeling to boost customer revenue retention by 60%.

› **Plan for personalized marketing with next-best-action methods.** Based on the insight extracted in the early stages of the customer's life cycle, personalized customer treatments are designed to elicit specific next best actions, such as preventing customer defection or prompting an incremental purchase.[20] For example, a major airline delivers a contextually tailored experience on its portal using banner ads that deliver next best offers that adjust automatically to customer queries.

› **Maximize value through customer lifetime value (CLV) and profitability models.** CI professionals should use lifetime value models to understand the future worth of customers and segments. Lifetime value guides targeting, acquisition, and retention efforts and is pervasive in any customer management strategy. CLV modeling requires careful consideration of various inputs along with a detailed deployment plan.[21] For example, Farmers Insurance leveraged its CLV model to yield an ROI improvement of 14% on its direct marketing efforts.

› **Add context to customer behavior.** Adding the dimension of where to customer analytics automatically opens up possibilities for marketers to become more contextual and personalized with offers and products. With data collected from location-aware devices, companies can present contextual offers in or near a location of interest, such as a store or mall.[22] Location analysis also has wide applications for transforming customer experience and will become a must-have to design, manage, and measure offline experiences.[23]

› **Increase depth of relationships with loyalty models.** Loyalty models are intertwined with multiple analytical techniques, such as survival analysis, profitability models, and retention models. Marketers mostly use loyalty marketing as a retention tactic, but they need to elevate loyalty as a brand strategy to reap the benefits of driving customer value through the life cycle.[24] For example, one international hotel brand built and deployed a loyalty model that successfully increased wallet share and engagement.

Recommendations

Map Out Analytics Requirements For Each Life-Cycle Stage

Instead of waiting for a customer problem to arise and then addressing it with analytics, employ a proactive and future-looking approach to analytics across the life cycle. To benefit from customer analytics across the life cycle, customer insights professionals must:

› **Examine the cost and benefit of analytics intervention.** To spread analytics intervention beyond pockets of marketing processes, CI professionals must examine the cost and benefit of using analytics at each customer touchpoint; doing so helps identify opportunities to pursue. Some analytical pursuits are more far-reaching than others, serving as inputs to other analytical needs such as retention modeling and CLV.

› **Seek help from analytical technology and service providers.** CI professionals should decide on the appropriate ecosystem of in-house talent; technology to support an analytics infrastructure; and strategic partners such as agencies, consultants, and outsourced analytics services to determine the extent of analytical intervention and sophistication they need to meet business objectives.

› **Start with the data on hand.** In pursuit of a 360-degree view of the customer, firms miss out on ripe opportunities with existing data. Organized and accessible data is a precursor to the analytical process, but CI professionals must not wait to measure and capture everything about customers to start using analytics.

› **Focus on analytical process efficiency.** CI professionals must prioritize model-building activities to assist customer-critical processes first. This helps to cut wasteful ad hoc analytical activities that have limited value and applicability. Ongoing models with periodic refresh cycles reduce time-to-market in the analytical process, irrespective of whether the activities are self-serve or outsourced.

› **Assemble an analytics governance team.** It's easy for firms embarking on an analytics journey to be misguided by complex solutions and analytical frameworks. Firms must assemble a core team of business analysts, data scientists, and technology experts to stay on track and map out analytical requirements.

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Supplemental Material

Survey Methodology

The Forrester/Burtch Works Q3 2014 Global State Of Customer Analytics Online Survey was fielded to 170 analytic and measurement professionals with knowledge of customer analytics practices. However, only a portion of the survey results are illustrated in this document. For quality assurance, Burtch Works screened respondents to ensure they met minimum standards in terms of job responsibilities.

Forrester fielded the survey in July 2014. Respondent incentives included a webinar of the survey results and their choice of two reports from Forrester's customer analytics playbook. Exact sample sizes are provided in this report on a question-by-question basis.

This survey used a selected group of respondents by Burtch Works with expertise in customer analytics, data science, business intelligence, and digital analytics who likely had knowledge of their organization's analytics and measurement practices, and it is therefore not random. This data is not guaranteed to be representative of the population, and, unless otherwise noted, statistical data is intended to be used for descriptive and not inferential purposes. While nonrandom, the survey is still a valuable tool for understanding where users are today and where the industry is headed.

Forrester's Global Business Technographics® Data And Analytics Survey, 2015 is an online survey fielded in January through March 2015 of 3,005 business and technology decision-makers located in Australia, Brazil, Canada, China, France, Germany, India, New Zealand, the UK, and the United States from companies with 100 or more employees.

Forrester's Business Technographics provides demand-side insight into the priorities, investments, and customer journeys of business and technology decision-makers and the workforce across the globe. Forrester collects data insights from qualified respondents in 10 countries spanning the Americas, Europe, and Asia. Business Technographics uses only superior data sources and advanced data-cleaning techniques to ensure the highest data quality.

Endnotes

[1] The age of the customer is a 20-year business cycle in which the most successful enterprises will reinvent themselves to systematically understand and serve increasingly powerful customers. See the "Winning In The Age Of The Customer" Forrester report.

[2] In the age of the customer, customer-obsessed enterprises must invest in real-time data sharing for actionable customer intelligence. See the "Winning In The Age Of The Customer" Forrester report.

[3] Source: Forrester's Global Business Technographics Data And Analytics Survey, 2015.

[4] Fourteen percent of respondents to the Forrester/Burtch Works Q3 2014 Global State Of Customer Analytics Online Survey indicated that making analytical insights available at the point of customer interaction was an inhibitor to better adoption of customer analytics. Source: Forrester/Burtch Works Q3 2014 Global State Of Customer Analytics Online Survey.

For more information, see the "The State Of Customer Analytics: Majority Of Firms Lack Sophistication" Forrester report.

[5] Nineteen percent of respondents to the Forrester/Burtch Works Q3 2014 Global State Of Customer Analytics Online Survey indicated that communicating and interpreting results of analytics was an inhibitor to better adoption of customer analytics. Source: Forrester/Burtch Works Q3 2014 Global State Of Customer Analytics Online Survey.

For more information, see the "The State Of Customer Analytics: Majority Of Firms Lack Sophistication" Forrester report.

[6] Marketers are primarily focused on customer acquisition, increased brand awareness, and marketing ROI. See the "A New Approach To Brand Loyalty" Forrester report.

[7] To understand marketing's true role in creating business value, you need a model focused on customer lifetime value, not on sales volume as the funnel portrays. See the "It's Time To Bury The Marketing Funnel" Forrester report.

[8] Forty-three percent of laggards in the Forrester/Burtch Works Q3 2014 Global State Of Customer Analytics Online Survey tracked marketing effectiveness metrics such as campaign lift and response, compared with 31% that had adopted customer retention modeling. Conversely, among leaders, 78% tracked marketing effectiveness, while 84% were performing retention analytics. Source: Forrester/Burtch Works Q3 2014 Global State Of Customer Analytics Online Survey.

For more information, see the "The State Of Customer Analytics: Majority Of Firms Lack Sophistication" Forrester report and see the "The State Of Customer Analytics 2012" Forrester report.

9 Source: Forrester/Burtch Works Q3 2014 Global State Of Customer Analytics Online Survey.

   For more information, see the "The State Of Customer Analytics: Majority Of Firms Lack Sophistication" Forrester report.

10 Forrester believes that the customer life cycle provides a guide for modern marketing, as it aligns all customer activities and the marketing response with the customer's journey. See the "The Customer Life Cycle: A Blueprint For Customer-Obsessed Enterprises" Forrester report.

11 Forrester has identified 15 key customer analytics methods that customer insights professionals must master. CI professionals are faced with tough decisions about which combination of methods will have the biggest impact on marketing and customer experience goals. And new techniques continue to emerge as the complexity of customer data increases. See the "TechRadar™: Customer Analytics Methods, Q1 2014" Forrester report.

12 With a gradual shift from funnel-based marketing to a customer life-cycle model, firms need to mobilize people, tools, and systems — including segmentation. See the "Brief: Don't Give Up On Customer Segmentation" Forrester report.

13 Today's marketers track much more than offer redemption to learn about customers. Especially in digital channels, marketers record and analyze many intermediate behaviors such as clicks, prints, and browsing behavior to better target offers.

14 Marketing mix modeling has become a critical tool to help marketers achieve the most out of their budgets by tracking the synergistic effects of communication channels — both online and offline — on traditional and new brand metrics. See the "The Forrester Wave™: Marketing Mix Modeling, Q2 2013" Forrester report.

15 On the surface, online testing appears to be an alluringly simple concept: Serve multiple variations of content to website visitors and then watch for the combinations that perform best. In reality, online testing is a highly involved undertaking, spanning multiple corporate stakeholders and disciplines. See the "So How Digitally Smart Are You Really?" Forrester report.

16 Text analytics can provide much-needed context and depth to other customer analytics methods, but most companies are still treating unstructured data separately. See the "Market Overview: Text Analytics" Forrester report.

17 Additionally, voice of the customer analysis allows firms to identify at-risk customers and prevent problems before they occur, give employees proactive guidance, and even inform future product development. See the "How To Drive Action With Your VoC Program" Forrester report.

18 Survival analysis is a set of statistical methodologies used to analyze the occurrence of events over a period of time. The survival function is used to describe the status of customer survival during the tenure of observation. The survival function gives the probability of surviving beyond a certain time point.

19 Traditional modeling approaches focus on predicting the likelihood of a customer to perform a specific action such as purchase or churn. In contrast, uplift modeling focuses on predicting the change in likelihood to conduct the same action. See the "Optimizing Customer Retention Programs" Forrester report.

20 Implementing next best action often involves deploying predictive models in line with recommendation engines. These engines automatically generate agile, tailored, and context-sensitive recommendations, including next best offers, across multiple customer relationship management (CRM) interaction channels to guide decisions and actions taken by humans and/or automated systems. See the "Best Practices: Next Best Action In Customer Relationship Management" Forrester report.

21 To help marketers navigate and assess their readiness to go through the complex CLV process, Forrester has devised a framework comprising three phases — define, develop, and deploy. See the "Navigating The Customer Lifetime Value Conundrum" Forrester report.

22 For more on location-predictive marketing, see the "Location-Predictive Marketing" Forrester report.

23 For more on location analytics and its impact on customer experience, see the "You Are Here: Location Analytics And The Rebirth Of Customer Experience" Forrester report.

24 Senior marketers must elevate their view of loyalty marketing from a retention tactic to a key component of their brand strategies because of three factors — the rise of the empowered consumer, the explosion of customer touchpoints, and increasing pressure on marketing accountability. See the "Pave A Clear Path To Advanced Loyalty" Forrester report.

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