OBJECTIVES

To provide an assessment of how large organisations from a range of sectors develop revenue streams through the use of technology and customer data

Specifically:

01. Assess current trends and factors that will impact on revenue models/revenue streams

02. Understand other industry sectors and their use of technology in harnessing customer data

03. Discover other factors taken into consideration when considering revenue management
### SAMPLE & METHODOLOGY

10x telephone depth interviews with revenue managers, key decision-makers and influencers across key business sectors:

<table>
<thead>
<tr>
<th>Type of business</th>
<th>Interviews</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entertainment</td>
<td>2</td>
</tr>
<tr>
<td>Banking/Finance</td>
<td>2</td>
</tr>
<tr>
<td>Pharma</td>
<td>1</td>
</tr>
<tr>
<td>IT/Services</td>
<td>2</td>
</tr>
<tr>
<td>Travel</td>
<td>1</td>
</tr>
<tr>
<td>Retail</td>
<td>1</td>
</tr>
<tr>
<td>Sports Event Management</td>
<td>1</td>
</tr>
</tbody>
</table>

10 overall

Fieldwork carried out between 3rd & 23rd August 2016
PARTICIPATING ORGANISATIONS

Below are some of the companies who participated in the research:

- Entertainment
  - Cineworld

- Pharma
  - Astellas

- Finance & services
  - KPMG
  - Ethos

*Other participants insisted on anonymity due to sensitivity of information being discussed*
The Market

- The majority of these participants see customer data as their bread and butter.
- And without it, many believe there can be no jam tomorrow.
- These days, though, it’s not about capturing data for its own sake.
- It’s about personalised data, that which goes beyond the demographics.
- So now it’s not just about age and social grade, it’s about hobbies and interests too.
- And if they can track your personal spending, then so much the better.

Technology

- Smart data solutions are often felt to hold the key, with some organisations getting frustrated at the thought of being left behind.
- Whilst having a strong online presence can be crucial, so too can the ability to obtain real time data through other means.
- Whether it’s as basic as it seems to some in providing employees with a PDA.
- Or whether it’s attempting to be at the forefront by blending hotel visits with credit card spending, these markets and the revenue managers within them are looking to the future.
- A future which one describes as a time when we sit at our terminal wherein ‘the machines’ have decided the most efficient way we are going to work that day.
- No more decision-making, software, data and technology have taken over the building...
01. Sectors Researched
02. Revenue and technology
03. Technology and customer data
04. Marketing personalisation
05. Technology and finance
06. Conclusions
Sectors Researched

- An excellent spread of interviews with some key movers and shakers when it comes to revenue management
- Fascinating to observe that whilst sectors vary, their needs around data often coincide
- Interesting from a Sabre perspective too that software which can help clients interpret customer data is seen as crucial to all those looking to move closer to that same customer – this is where most feel the power now lies...
Cineworld was clearly moving with the times, albeit not quite fast enough for everyone’s tastes – the more you have when it comes to data, it seems, the more you want...

Use of technology?

Some customer data viewed as difficult to capture and would require significant investment to integrate new social media systems with current data sets

Use of data?

Currently captured through memberships and loyalty cards

More data captured online than in-store, knowing more about the customer through their log in/ sign up account

Technology/ data influence revenue?

Increasing awareness of the influence data can have when predicting company revenues

Currently difficult to integrate different data sets and track real time data

Current data streams aren’t set up to fully map the customer journey

Brand & competitors

Data such as customer demographics affect pricing strategies, although currently difficult to predict given lack of valuable data

Customer data could be better
Data harnessing and analysis appears to be most rigorous and front of mind for those working in the Banking, Finance and Insurance industry.

**Use of technology?**
- Awareness and use of technology is high in comparison to some other industries.
- Apps, mobile friendly websites for tablets and mobiles, account tracking, additional services from other organisations such as insurance, are able to be monitored.
- Online accounts are able to track purchases.

**Technology/data influence revenue?**
- Data harnessed in real time through log in on accounts, social media listening software and geo-coding all mentioned.
- The quality and depth of the data enables much more detailed personalisation for product offerings and services.

**Use of data?**
- Looking to develop all areas to enhance revenues using **360-degree customer view**.
- Complex predictive and statistical analytics used to develop profiles.

**Brand & competitors?**
- Data sets used to segment customer groups and add value.
- Brand loyalty difficult to harness, customers view brand value taking product and service into consideration.
Data harnessing and analysis not always used to manage pricing and marketing strategies, products in this industry generally fall in to a particular price band

Use of technology?

Loyalty cards are the main source of harnessing customer data

Over the last 10 years the way in which data is harnessed hasn’t changed that much, although the analysis of data has increased considerably

Use of data?

Data is used to understand the customer profiles and influences; this can be done through retailer membership schemes and also market research – this has helped identify customers, and enabled segmentation of customer groups

Technology/ data influence revenue?

No mention of new or innovative technologies used to capture data or influence revenues

Difficult to predict future revenues based on data, too many variables

Brand & competitors?

Brand is very important, customers have confidence in specific brands which makes brand loyalty key to the industry

Competitors’ pricing has limited effect to pharmaceutical companies, a large proportion of consumers have developed trust in a pharma brand and prices are on the whole within a similar band
**IT & SERVICES**

The use of technology and different platforms to harness customer data is growing rapidly in the IT & Services industry.

### Use of technology?

- Apps and mobile format webpages used to track and collect customer data
- CRM systems used to help develop pipeline and understand and engage with customers.

### Technology/ data influence revenue?

- Tracking data through mobile platforms such as tablets and mobile means companies can track real-time data and know what potential customers are searching for.

### Use of data?

- Data used to identify and segment customer groups, understanding more about their spend availability and value as a customer; this influences product offerings and potential sales strategies.

### Brand & competitors?

- Competitor prices influence sales, strategies and services provided
- Brand loyalty not overly important, it’s viewed in line with the service customers receive.
The more they know about customers, the more they feel they can create new revenue streams and new routes to market

**Use of technology?**

Growing all the time, especially when it comes to revenue management and customer personalisation

**Technology/ data influence revenue?**

Constantly searching for the next big thing, the next way in which to find data to manipulate which will then have an impact on revenue streams

**Use of data?**

Not just data for own use but also data to sell on

**Brand & competitors?**

An everyday threat, needing to stay one step ahead of the competition; data and software can be a key to this
Tesco and Dunhumby data felt to have led the way in retail data manipulation – it proved that knowing more about the customer can have a significant effect on the bottom line

<table>
<thead>
<tr>
<th>Use of technology?</th>
</tr>
</thead>
<tbody>
<tr>
<td>&quot;Tesco paved the way through club card; many still feel playing catch-up&quot;</td>
</tr>
<tr>
<td>&quot;This goes for companies dealing with Tesco, not just competing with them&quot;</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Technology/ data influence revenue?</th>
</tr>
</thead>
<tbody>
<tr>
<td>&quot;With the ‘right’ data, many things can slot into place – developing software or being able to buy software which helps in this, is seen as highly valuable&quot;</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Use of data?</th>
</tr>
</thead>
<tbody>
<tr>
<td>&quot;Crucial – in understanding the customer and in then using data to prove to customers on top of the game&quot;</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Brand &amp; competitors?</th>
</tr>
</thead>
<tbody>
<tr>
<td>&quot;Need to know what competitors are offering but need to try and keep that step ahead too – a competitive world, a changing world too, especially when it comes to technology and data&quot;</td>
</tr>
</tbody>
</table>
02. Revenue & technology

- New technology only as good as the data it provides and the way in which that data can be used to influence revenue.
- Better usage and specialist interpretation of customer data enables greater efficiency for revenue stream prediction and growth.
- Revenues can be predicted (up to a point) through the use of customer data being harnessed, analysed and interpreted.
REVENUE DEVELOPMENT

New technologies have helped develop revenue streams, reducing the key outlays for businesses through increased efficiency in marketing and R&D.

“There’s undoubtedly a positive trend in the development on revenue through the use of technology, it gives you access to so much more consumer data, in some cases real time. This helps manage revenues far more efficiently than in the past where data was only analysed once a year.”

“Moving away from the excel way of doing things, trying to find data packages to help service our clients.”

“In a way, we can tailor marketing directly to some customers, knowing their preferences, this make us more efficient to them and internally.”

“We think there will be a trend linking with consumers on a more personal level, so knowing more about them on a social level will help shape tailored products and services.”

“Media set ups that get you more information about customers, so their location and what they do – this can all be caught through data, and can help influence future products for them.”

I think the more you get to know about your customers is becoming even more important. If you are able to understand their next move or group of mind-sets it can help you predict trends and potential growth.”
Technology & customer data

- Awareness of future solutions is an engaging subject, a large proportion mentioning real-time data as a potential key to future revenue stream prediction and production.
- The most notable innovations coming to the fore are geo-tagging or geo-coding.
- And several refer to what many see as the holy grail of obtaining a 360 degree customer view.
Many organisations are currently using data collected from customer memberships and online or in-store purchases to map trends and tailor to segments.

**Current solutions**

Data solutions currently used...

- Collecting data through purchase habits of current customers through the likes of customer memberships
- Mobile data, this requires apps and mobile log in formats – but also captures real time data
- Current data is harnessed from memberships and online systems that enable tracking of purchases

**Future solutions**

When prompted, many come up with a list about how future solutions will add value.

- Geo-tagging, this will enable on the move data and revenue growth internationally across multiple industries
- 360-degree customer view, encompassing all aspects of data and integration on to different platforms to combine and analyse data

Generally, technology innovations are emerging although can feel expensive and difficult to access/capture the data for some markets. However, there is certainly a growing trend and an area of interest for future solutions, and how it can enable companies to be more effective and generate more revenues through the use of data.
Data previously unavailable or inaccessible now helps companies better understand customers, in some areas enabling them to diversify and develop new products or services.

Older income streams + New income streams = Increased revenues

“If we know more about who’s coming to the cinema and when, we can do more cross-selling, for example, whether it’s more meal deals, ice cream, popcorn etc. to generate more income.”

Cineworld

“The way the likes of Tesco has used their customer information has meant they can directly target specific individuals with particular products and services.”

Anonymous
Customer experiences of today can have a direct impact on how products and services are developed for the future.

“If you look at a brand like Coca-Cola, 80% of the home trade sales are through promotions. There’s a smaller group of people consuming a lot, they’re highly loyal and ageing. We need to be able to target those who drink it once in a while and those who are in the middle. Knowing more about the customer is the only way we can do that. And that’s where technology and data come into play. Segmentation is the key for us”

Anonymous
NEW TECHNOLOGIES: 360-DEGREE CUSTOMER VIEW

360-degree customer view is seen as key, enables greater tracking of a customer journey and experiences; this data helps you predict future growth.

Provides insights into:
- Evidence and justification on business strategies
- Customer experience
- Real time products for customers
- Map customer journey
- Accuracy of multiple data sources
- Relationship management
- Social profiling
- Predict revenues
Marketing personalisation

- Key to revenue development, personalisation is a more efficient and effective way of marketing
- Competition can be countered through having an engaged customer base, the organisation knowing their needs through data collected and interpreted
- Being able to provide customers with more relevant choices is enabled through having a depth of knowledge about their personal choices
Personalisation is viewed as key to engaging with customers...

...difficulties are found when trying to obtain customer profiles in detail:

- Customer hobbies, purchase history and being able to engage on a social level enables greater insights into their potential wants or needs
- Knowing more about customer profiles and spending habits

...with key benefits:

- Accuracy and detail to enable direction of materials/products and services
- Increased efficiency in tailored product offerings
- Maximise revenues, providing evidence and justification
- Data captured can influence overall offering and product development
CINEWORLD MARKETING PERSONALISATION

Offering products to customers, knowing what they like and who their friends are through social media is just part of a new initiative Cineworld is using to increase revenues.

“Not only can the data tell us who our members are, it can also point us in the direction of people who are just like them, so through better targeting, especially by social media, it can have a real impact on our sales... And if we know exactly where people are and when, it just adds to that all round view of our customers.”
MARKETING PERSONALISATION

KPMG is working with some major clients in the banking and finance industries and involved in the ‘cutting edge’ use of harnessing data through technology

“We can see how banks are now really beginning to interrogate all the data they collect. So it’s not just about basic demographics, it’s hobbies, interests, the full picture. Through knowing where customers are going out to eat and drink and spend money, they can work towards that 360-degree customer view. For them, geo-tagging is the way forward over the next couple of years.”
Technology and data are now being used to tailor products and services to exactly where people are at a particular moment in time.

‘Social media is just another window in on the customer. Where are they? What are they doing? What are they liking on Facebook?...’

“The banks can literally see where customers are spending their money. Geo-coding means they can capture the longitude and latitude of where the customers are. Through tracking spending, they can tailor exactly what products and services they look to develop and sell.”
Technology and finance

- Means being able to manage demand more efficiently
- Enables better and higher quality of interaction with customers; this helps build engagement and rapport
- Social media data is becoming increasingly more important, it helps enhance and develop customer personalisation
TRENDS AND DEVELOPMENTS

Data is harnessed in similar ways across many industries, although finance/banking is mentioned as having integrated operating systems to track customers social data

How do you harness data?

- Company memberships
- Loyalty cards
- Websites & mailshots
- Market research (customer set)
- CRM Systems

"Mainly from our own website and the customers’ purchasing habits." Cineworld

Loyalty related to revenue?

On occasions:

- “Value” products are forcing brand to be more price conscious
- Some brands are not necessarily associated with “quality” any more, meaning price strategy reviewed to fall in line with other brands

"For consumables such as electronics, yes. But less so for services – customers are very price-driven nowadays so research reviews v price to get the best deals." Anonymous

Is brand loyalty important?

- Overwhelmingly – Yes
- It cannot be guaranteed though, brands are still required to engage with their customers

"Of course, but you’re never 100% on what competitors are developing, this is why it’s important to keep customers engaged." Anonymous

Demand/ growth insight?

- Difficult to view/gauge demand or growth for some industry consumables
- Finance and professional services are able to monitor more effectively knowing needs and service requirements
- It’s suggested consumers are more difficult to predict given variables in everyday life v data collected

"Difficult to predict but we would imagine 60% of our demand comes from customers with a membership." Cineworld
Conclusions

• Greater customer data is becoming increasingly important and influences all areas for companies operations; from R&D to Marketing to Product development
• Companies are getting more involved in the analysis of customer data, and wanting to better understand customers through a social perspective
• Knowing more about the customer through software, which provides a 360 degree picture of the customer and potential customer, will increase the ability to predict and develop new revenue streams
CONCLUSIONS

Expectations differ across industries when it comes to data and its manipulation. This is linked to real customer engagement in real time. It does, however, require the infrastructure to capture and review this data. For example:

**Financial services/Insurance**
- Leading the way when it comes to harnessing customer data
- New technologies are key in development, particularly when wanting to personalise products or services
- Geo tagging and 360-degree customer view will enable this

"We are already using multiple data streams for clients to analyse, it’s more important to be able to have access to live data – this can make product offerings much more efficient”

KPMG

**Leisure/Entertainment**
- Increased focus on harnessing more customer data and being able to tailor product offerings
- Integration and tracking of real time data set would add value to companies and customers alike, developing a more efficient and more symbiotic relationship

"Having access to customers interests could really help develop relationships and tailor new sources of income we may not be aware of.”

Cineworld

**Retail**
- Revenue forecasting key to product manufacturing and development – it enables revenue and stock to be managed efficiently
- Important to gain customer insights to segment customer requirements

"Knowing what the customer thinks and feels about previous experiences is important to make sense of and helps us to make the most of the data harnessed.”

Anonymous
End word

- This work may be based on just ten interviews but these interviews were with large companies across a wide range of sectors.
- The findings suggest that whilst the customer is still king, customer data has emerged and is emerging as its noble queen.
- These days, however, it’s not just about having the data, it’s about what you do with it.
- The Business Intelligence Departments are gaining power and influence because it’s now being acknowledged that they can have a direct impact on the bottom line and revenue management as a whole.
- Software developments which can enable these departments to use real time data to maximum effect are much sought after.
- Think R Modelling, think geo-tagging and geo-sensing, the future is in knowing your customer in a 360 degree-type fashion.
THANK YOU...

Report prepared by:
DJS Research

djsresearch.co.uk