

The Shortcomings of Big Data in an Age of Customer Centricity

by Jim Barnes, Chief Customer Strategist, BMAI

We are hearing lots of discussion these days on the value of Big Data, most of it dealing with how to make sense of it and derive real value. Let me offer what might be a slightly different perspective. My first observation is that there doesn't seem to be any clear consensus on what we mean by the term "big data" and even less agreement on how to leverage it. To me "big data" simply means MORE data. Most organizations today have an awful lot of data and they don't seem to have a good idea of how to make strategic use of it to drive organizational success.

Why do they have so much data? Simply because they can. In this technological age, everything leaves a data trail — every phone call, every download, every mouse click, every card swipe. All of this data is captured, stored, warehoused and analyzed. How well it is analyzed determines whether it is proving to be of any value to its owners and their customers.

So, let's look at all this data (or more correctly, these data). What are its characteristics and potential? What will it enable organizations to do? Data is simply a collection of binary records of things that happen. Data is inert, impersonal, and decidedly hard-side, left-brain in its orientation. It is also historic, in that it looks back on what has already occurred. It will tell us what happened, how much, when, where, and possibly who was involved. For example, we can see that bank Customer X (or someone using his debit card # 4587 8854 6530 0047) withdrew \$100 (in five \$20 notes) from our ATM (# 273974) at the corner of Adelaide and York at precisely 7:47 PM last Thursday.

We can do some further analysis of additional internal data about Customer X (let's call him Bob—much more personal) and find out that he uses his debit card an average of 13.6 times a week, makes 2.6 ATM withdrawals a week (almost always \$100), shops often at Loblaws, Shoppers Drug and the LCBO, and occasionally uses his card in Calgary and Bracebridge. We know he has his paycheck deposited bi-weekly into his chequing account and that he opened a tax-free saving account last February.

We might delve more deeply and connect to Bob's credit card file and see how often and where he uses his VISA card. We might use our partner agreement with Aimia to peek into his Aeroplan account and see how many points he has accumulated and redeemed and for what trips or merchandise. Or, we might do a deal with the LCBO and Air Miles to see what wines he buys and where else he shops and swipes his Air Miles card.

Whew! After that exercise in data mining, we now know a great deal about Bob, right? Wrong! We may know about some aspects of his life, but only about the things that are on display so to speak, those elements of his life that connect in some way to us as a firm and which we have been able to capture or access. We know nothing of what he did on Saturday night after withdrawing the \$100 (unless he used his card again to go to a movie) or whom he had over to dinner (if anyone) when he opened that bottle of California Merlot for which he paid \$21.45.

So big data will give us a glimpse; not any kind of deep view. Even if we combine the internally-captured data with acquired third-party data, all we get is a slightly more detailed picture of a slightly wider slice of Bob's life. Data, big or small, will never tell us the whole story. **It will never tell us WHY.** Why does he buy Merlot and not a nice Pinot Noir? Why does he seem to prefer Loblaws, and why the St Clair Avenue store when he lives in High Park? And, what's he doing in Bracebridge?

If we are really going to meet Bob's needs, help him get things done, become a partner in his success, and play a greater role in his life (to use some of the customer-centric jargon common in many firms), then we have to know him and understand him a great deal better than we do. That can only happen by getting some information directly from Bob.

At BMAI, we regularly combine internal customer database data with survey results to create a truly revealing picture of what Bob is all about. Not only do we know the what, where, when and how much revealed by the internal data, but we can go a long way to understanding the elusive why. By conducting customer surveys that allow us to obtain a lot of insight into what Bob likes to do on the weekend, what other companies in our industry he deals with, and how he feels about making financial decisions, and by measuring his level of engagement with our brand, we get a much more complete picture of the things we can't see, no matter how deeply we mine Big Data.

The combination of internal data with survey results allows us to humanize our view of the customer, to understand much more about why we are seeing the kinds of behaviour that are revealed in our data. We can connect the dots. We then go on to produce detailed profiles of customer segments that we can bring to life by connecting the attitudes and opinions, the plans and aspirations, the doubts and dreads, to the behaviour revealed through the data. We can clearly demonstrate the payback, for example, of increased levels of customer engagement by connecting our **Customer Engagement Score** to such KPIs as share of wallet, profitability, likelihood to recommend, and intention to continue to buy.

Data is essentially impersonal. Big Data has the potential to further distance us from our customers because it creates the false belief that it can lead to deeper understanding. To derive greater value from those storehouses of Big Data, organizations need to go directly to their customers for additional, more personal information. Only by adding data obtained from customers directly can we bring Big Data to life and obtain a more holistic understanding of our customers.