Customer-Centric Manufacturing: The Big Opportunity

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For the last thirty years, there has been an increase in the data available to retailers, with especially dramatic gains in the last five years. Much of this data is related to marketing, harvested from websites, social media and mobile devices. As a result, retailers have developed strong capabilities to capture customer level data, and also become expert at analyzing it for marketing purposes. The last decade has seen a dramatic shift towards data-driven marketing, and the opportunity is now available for manufacturers to shift into customer-centricity.

At the same time there has been a privacy backlash from consumers, who increasingly want to take control of their data. This has kicked off litigation, and personal data aggregators have even begun to appear, enabling consumers to take steps to secure their own data.

Customer-Centric Manufacturing

Historically, manufacturers have left most of the consumer-oriented marketing to their retailer and channel partners. However, over the last five to ten years, there have been several developments that put many manufacturers in an excellent position to capture more customer level data.

More marketing data is broadly available about consumer media patterns and sentiment. But manufacturers are in a unique position to capture more data not only about who their customers are, but also about how they are using their products. As more and more manufactured products become digitally connected, and consumer benefits are added to registering a device, the potential data explodes. Consumers are happy enough to provide the data because it benefits

their experience, and the data generated will rapidly outpace the data available to retailers, both in terms of quantity, and quality. Those who leverage this data will help to usher in the era of Customer-Centric Manufacturing.

In the era of customer centric manufacturing, manufacturers will act a lot more like retailers in terms of how they are capturing, analyzing and using consumer data. This means tracking the consumer across the lifecycle of their relationship with their product — how they use the product and how they engage with the company. This information will increasingly become an essential, integrated part of the product, generating significant competitive advantage for the manufacturer.

Analyzing the data will also provide manufacturers with competitive advantage. Like retailers, they'll develop data-driven customer segmentations, predictive models to find new customers that match their best customers' profile and algorithms that let them understand when and what channel to select for communicating with their customers.

But manufacturers are in an even better position to ultimately capture and use customer data than retailers, as these industry examples illustrate.

Opportunity for Auto Manufacturers

In the auto industry, telematics is an excellent example. Hundreds of data variables about vehicle performance and function are captured across time. And, with the increasing prevalence of navigation systems, data about where the car has traveled is also generated. iPad-like interfaces enable consumers to interact and search nearby points of interest, and locational data about driving path is also captured.

Regardless of where service has been done, now the manufacturer has all the data about any service issues, vehicle performance, and usage patterns. There are vast potential uses for this data to improve the driver's experience, and inform marketing and recommendations about their next vehicle. Certainly more data than most are currently equipped to digest or act upon, and most in the industry are just beginning to explore opportunities and implications of having this data available.

Nike+ Fuelband: Connecting to Add Value

Nike+ Fuelband represents a very different type of opportunity. For certain athletes, Nike exists to help them reach their goal. Increasingly, Nike is digitally connecting those products to value-added applications that help the athlete track their progress, connect with other athletes, and get motivated to reach their goal. This has evolved into a full line of connected products, including Nike FuelBand, Sportwatch with Sensor, and the accompanying app — all of which are collecting data about how you exercise and your fitness trend. Not to mention all of the customization options Nike offers for their shoes, with customization based on exercise patterns likely on the horizon. Big Data, with huge implications for consumer satisfaction, retention and relationships is here now.

The Apple Engagement

Then there's Apple, the masters of the connected, integrated experience. Apple has done this in so many ways, but in particular the Genius system stands out, adding immense value by getting to the consumer's preferences. It becomes almost like a trusted friend. Of course, Siri takes that to a whole new level. Apple provides many inspirational examples for manufacturers on how to engage directly with their consumers.

The advanced Apple experience may seem irrelevant to manufacturing companies today. But there are surprising examples out there of companies who consumerize their products. Jenny Craig is a great example. Processing and delivering food is their primary revenue generator, but they have inextricably linked themselves to the consumer by wrapping it with a diet-based focus that adds lots of valuable tools and tips. The result? An ability to charge premium prices, and an incredibly strong retention link with their consumer.

Manufacturers are in a great position to capture the data. But to truly become customer-centric, they must also be able to analyze this new kind of customer data. One proven, effective route is to help marketers create a rationalized roadmap that moves them from push marketing to a customer-centric approach that leads to customer engagement.

We have analyzed advanced customer engagement and found that companies under $1 billion actually score higher on channel optimization, and significantly higher on customer optimization. There is a leap-frog effect where many smaller companies are actually more progressive than their larger counterparts. Companies unencumbered with legacy systems — like many manufacturers — are able to get in the game quickly and get a competitive jump on customer centric manufacturing.

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