EFFECTIVE CUSTOMER MANAGEMENT
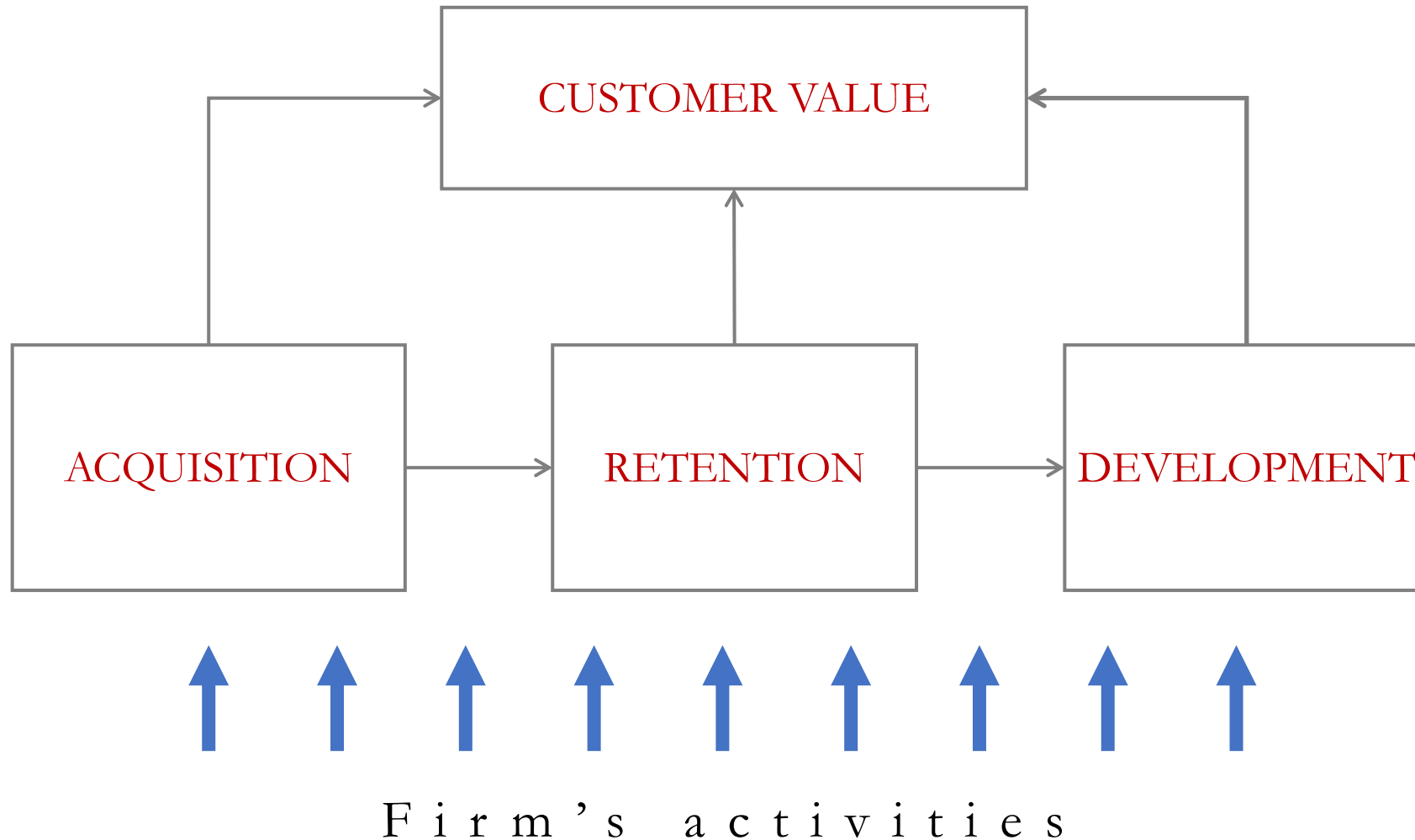

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Customer Management: The Journey

Customer Management: A New Framework

Measurement

Intervention

How to predict CLV

Who is at risk of churning?
Is retention changing over time?
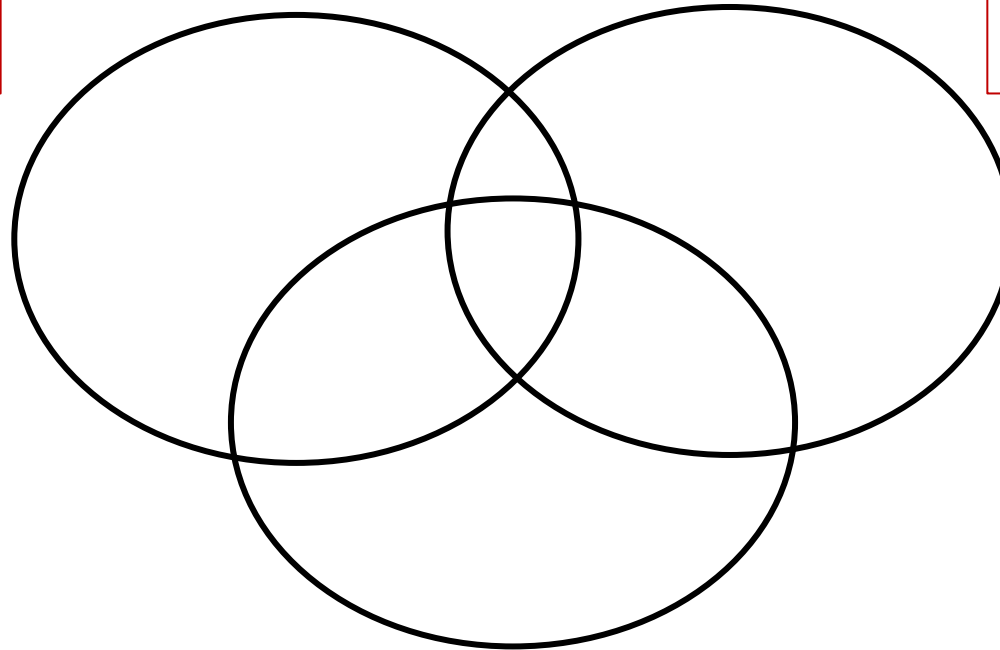
Do my customers become stickier over time?

How can I prevent churn?

Who to target?

When to intervene?

When and how to personalize?

Understanding

But why?

Customers' needs along the journey

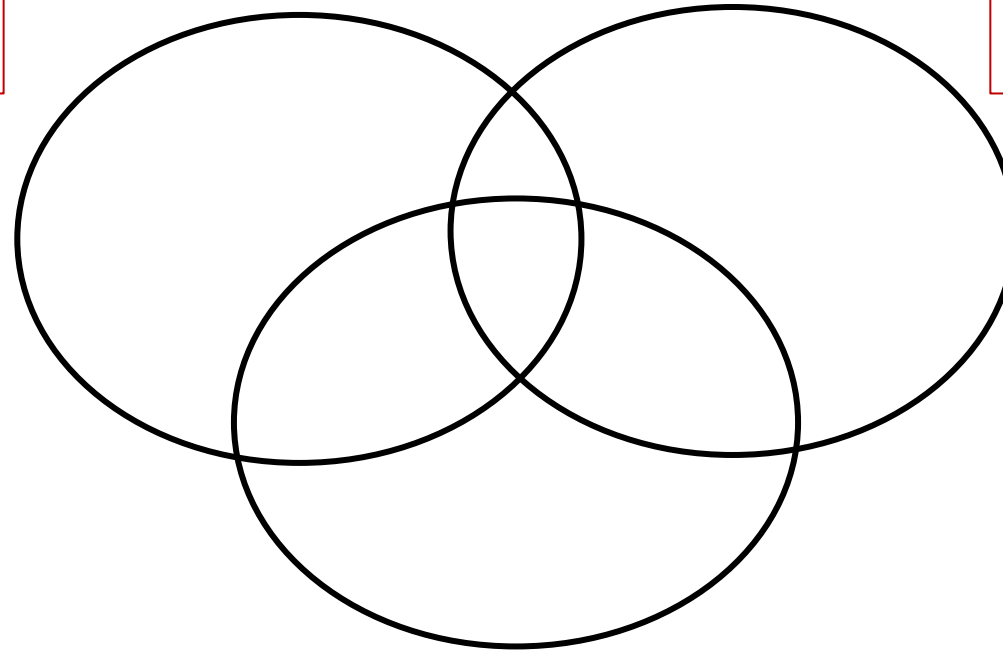# Contributions from the Academic Literature

Measurement

Gupta, Lehmann and Stuart (2004)
Fader, Hardie et al. (e.g., 2005; 2010)
Neslin et al. (2006)
McCarthy et al. (2017; 2018)
Padilla and Ascarza (2021)

Intervention

Ascarza (2018)
Lemmens and Gupta (2020)
Yang et al. (2022)
Ascarza and Israeli (2022)

Understanding

Ansari, Mela, Neslin (2008)
Braun and Schweidel (2016)
Ascarza, Iyengar and Schleicher (2016)

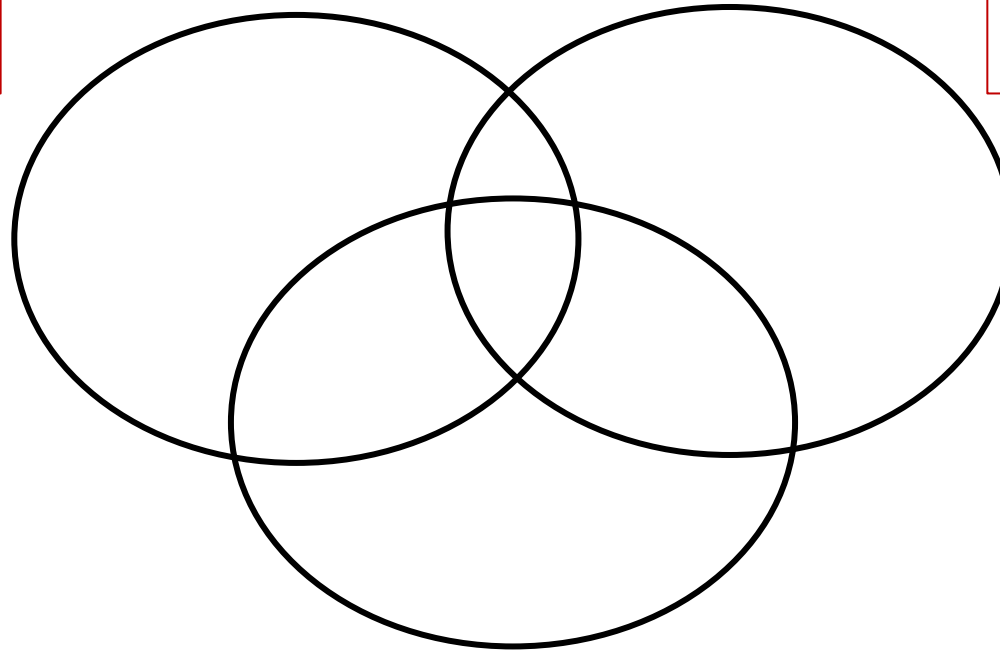# Contributions from the Academic Literature

Measurement

CMO – CFO
Heterogeneity is key
Prediction precision
Customer-based valuation
Cold-start problem

Intervention

Risk vs. Lift
Profitability Lift
Long-term outcomes
Fairness considerations.

Understanding

Channel Migration
Reasons to churn
Power of inertia.

Customer Management: A New Framework

Measurement

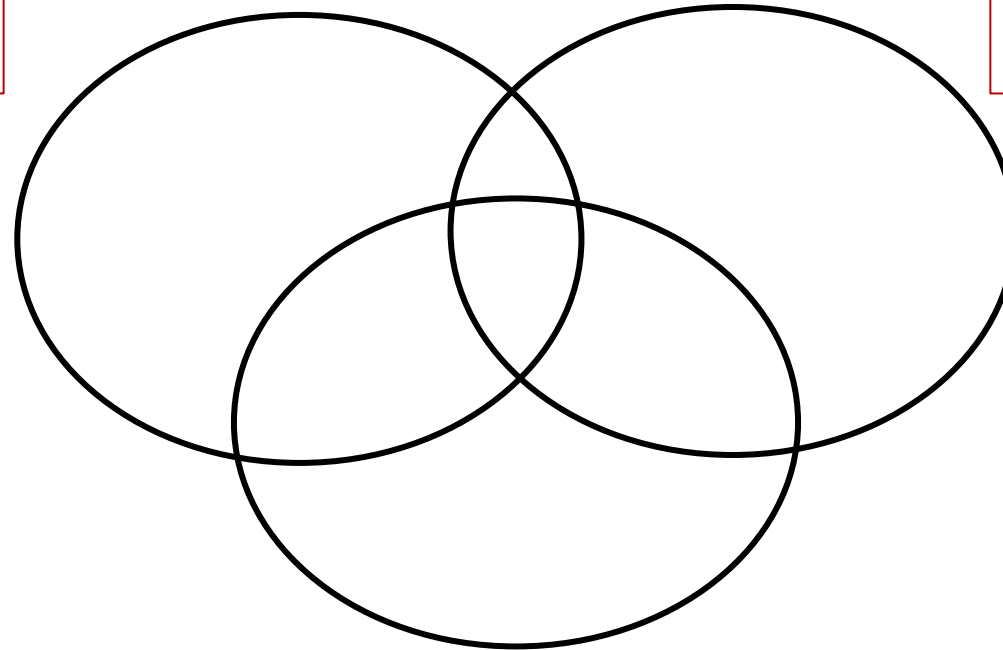How is it going to affect you key levers of growth?

Intervention

Do you have past data to answer these questions? Even partially?

What new data would you collect?

Understanding

What are the customers behaviors the you need to understand?

Case study: Netflix

Q1 2022: Company posted its first loss of subscribers in more than a decade.

April 2022, Netflix announced an ad-supported option to help boost subscription growth and generate a new stream of revenue.

Netflix's net new subscribers, quarterly

Source: https://www.wsj.com/articles/netflix-earnings-q1-2022-11650325682
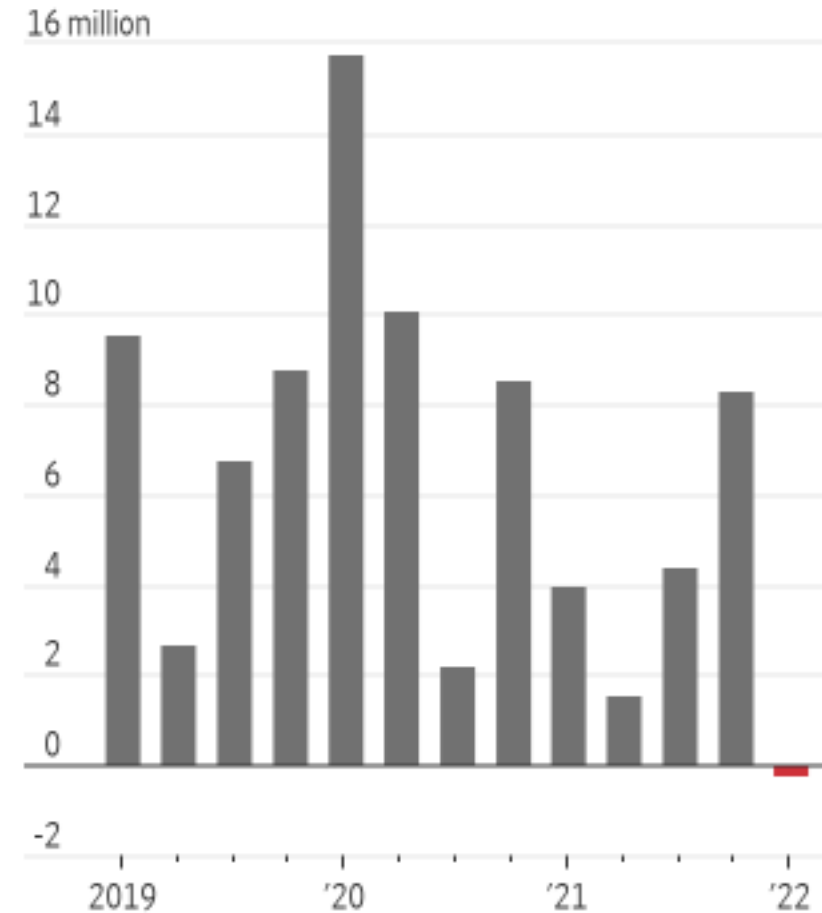
Measurement

How many *incremental* new customers would be acquired?

Subscriber retention for ad-plan? (higher? Lower? By how much?)

Migration: How many regular subscribers will downgrade to the ad-supported plan?

Intervention

Existing:
- Past price increases. Price elasticity?
- Migration across plans when features change?
- Use of "skip"

New:
- Conjoint study
- Pilot test
- Promote between programs

Understanding

How much do Ads lower CX?
Why are new subscribers declining? Is it a pricing problem? Content problem?
Do I encourage migration?
How much do users care about price vs. ads?

Other considerations:
Incremental revenue from advertisers (CPM?) vs. cost of managing an ad-supported business.
Ability to personalize ad content (higher CPM?, higher CX?)

And now, your turn…

1. Think about a question / decision / tension in your own company

2. Analyze it using the CM framework

- What other data do you need to collect?

- Which test would you like to run? (Are there past interventions that can help answering your question(s)?)

- What other teams do need to get involved?

Exercise debrief

- What aspects were most difficult?

- What did you learn (about your company or about others)?

- Which other teams (or members of the team) do you want to involve?

- What's next?

Newer research areas

Data availability [Data feed decisions]	Fairness / Bias [Targeting is often unfair]	Long-term outcomes [AI is mainly myopic]
• 3rd party cookies gone • Privacy settings • Data breaches and firms' liability *Journey as source of information (with. Nicolas Padilla and Oded Netzer)*	• Are targeting policies fair (or balanced)? • How much would it cost organizations to be fair? • Should (would) they incur those costs? *Cost of Fairness (with Ayelet Israeli)*	• Online advertising, bidding for long-term value • Customer development: How to ensure long term profits? *Short-term Signals for Long-term targeting (with. Ta-Wei Huang)*

References

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