

MARKETING

Building Marketing Capabilities on Real-time Customer Conversations for Revenue and Growth

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Image Credit | Stephen Dawson

Focus on consumer choice behavior.

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The Importance of Real-time Marketing Capabilities

Customers and markets change all the time, yet Diageo still controls a significant portion of spirit sales. Diageo does so by building genuinely sustainable marketing capabilities using real-time customer conversation data and analytics to ensure its money is being spent in the best way possible. Tito's Vodka became a dominant player in the beverage industry by relying on its marketing capabilities, focusing on word-of-mouth, emotional connection, and social media engagement in real-time with its customers. By adopting a fresh approach to products, commerce, and the customer journey, Arteza, an Inc. 5000 company, relies on its real-time marketing capabilities to sell art supplies through its website while providing content for art enthusiasts high-quality purchase experiences. Similarly, Impossible Foods Inc. attributes its success primarily to its real-time superior marketing capabilities to build followership among millennials.

As these examples illustrate, marketing capabilities, the competencies of a company's superiority in identifying customers' needs and understanding the factors that influence consumer choice behavior can help organizations build sustainable competitive advantage. Traditionally, marketers rely on archival data and survey data to gauge consumer needs and wants, and their preference changes. Unfortunately, such data typically lags the actual marketing practice by months and years. Marketers find themselves working off yesterday's data to the dynamics of a marketplace. As digital environments and the attendant marketing actions are increasingly dynamic, looking backward several months or years may not be very relevant to what marketers are doing today. It doesn't matter how good the yesterdays' information was if the information fails to give firms a useful window into tomorrow's world.

Real-time marketing involves creating real-time interactions and engagements with consumers. The idea behind real-time marketing is to increase relevancy for consumers by providing contents and offerings that fit with the context of what is going on in the lives of consumers. Real-time customer conversations on social media explicitly or implicitly reflect how customers think, feel, and talk about their needs and wants subjectively or objectively. Real-time customer conversations also reflect how customers think and feel about features of products and services firms offered, the quality or capability of the products and services, the connections they have with the products and services, and how the quality and capacity of products affect their lives, their emotions, and moods. Real-time marketing from customer conversation plays an increasingly important role in

enabling marketing capabilities and marketing actions. For example, real-time customer conversations in social media influence investors' decisions on holding a firm's stocks and how customers make purchasing decisions. Based on real-time customer conversations, marketing capabilities can make a difference in earning or losing millions of dollars for an organization.

In the digital and artificial intelligence age, listening online to how customers talk about their needs and wants is critical to building marketing capabilities because customer conversations are from people who care about the firms and their product offerings. They are real-time and dynamic. Real-time customer conversations facilitate customers to be highly responsive to each other and customers mostly talk about things that are happening at the very moment in their lives. Real-time marketing capabilities emphasize the actionability of marketing capabilities, allowing marketers to actively manage their marketing activities and track marketing capability development for products and services improvements. Real-time marketing capabilities also help marketers gain situational awareness for their marketing actions, which allow marketers to focus on each customer conversation that matters most to customers with real-time monitoring and big data analytics. By doing so, marketers can make the right decision at the right time.

A marketing action usually has a timing requirement, like a period or a particular instant when certain customer expectations and satisfactory conditions must be met. If not, customers are not patient, and they are going to switch. The marketing timing and processes have to be understood in detail and sophistication to find out if the marketing management system is capable of keeping up with the pace of the customer and technology changes. Real-time marketing capabilities allow marketers to detect, or sense, a customer's moment of need. Because of this, marketers can be proactive in their retention efforts, reducing customer churns, reaching out to the customers before they even get the chance to think about leaving.

Accordingly to our research, companies with superior marketing capability based on real-time customer conversations two standard deviations above the mean can have almost 80.48% higher purchase likelihood than those with two standard deviations below the mean, and 60.67% lower post-purchase frustration. That is to say, firms with marketing capabilities built on real-time customer conversations can be more likely to trigger

customers to buy and less likely to lead customers to frustrate. Building marketing capabilities based on real-time customer conversations alert firms about shifting consumer tastes can help firms take advantage of opportunities before their less-savvy competitors take action. Such an approach based on customer real-time conversation data provides timely, actionable information about how firms should manage their marketing activities, completing real-time steps upon customer requests and instantaneously updating. It also gives firms an edge in learning and adapting. Our research suggests that by deriving customer insights and acting upon insights from real-time customer conversations, firms can acquire new customers, develop better customer relationships, and retain customers. By doing so, firms can maximize the value of the customer base and drive growth.

Misalignment of Data and Customer Insights in Data-rich Environment

In the data-rich environment, firms can deploy big massive data for market insights and success. Big data is the fundamental consequence of the marketing landscape in the artificial intelligence and machine learning age, born from the digital world we now live in. However, the abundance of data can also mistakenly lead firms to focus on leveraging “big data” for minor problems and sometimes even neglect data. Research suggests that misuse of big data can impair revenues and can be deteriorating for correct decision-making. Having a lot of data doesn’t necessarily improve marketing and decision-making. Data source errors, misunderstanding of data, and analytics processes may introduce new errors or be less exact than intended. To say even more, while big data mining projects can be a formidable weapon to overpower competition, incorrect results of such endeavors can be devastating for the business. Big data is essential only to the extent that the insights and actions derived from big data accurately reflect reality can be projected into the future.

The term big data does not simply refer to the data itself. More importantly, it refers to the challenges, capabilities, and competencies associated with collecting, storing, sorting, and analyzing such huge data sets to support a more accurate and timely decision-making level than anything previously attempted – making sense of big-data for decision making. With the black-box machine learning approach continuing to advance for data collection

and data analytics, making sense of data for customer and market insights will be a pressing issue. For example, advertising data leads managers to focus more on managing advertising than on solving consumer problems, which often are the sources of customer insights and the purpose of a corporation. This raises the question of how marketers can wrestle massive data flows into insights relevant for effective growth strategies, turning data into market and customer insights and drivers of long-term growth.

To capitalize on the opportunity with real-time customer conversations, companies must have the insights and ability to take action in a way that is relevant to their customers. Premised on Drucker's insights that the valid definition of the business purpose is to create customers and fulfill the needs of customers, we suggest that data leverage must relate to customers in real-time. Our research indicates that companies can always look into real-time online consumer conversations such as user-generated content on their products and services in a variety of publicly available social media sites to build marketing capabilities for superior performance. For example, online customer comments reflect customer mindsets and behavioral intentions. Customer conversations, including customer comments, insights derived from customer conversations, and actions taken, are indispensable for building sustainable marketing capabilities for growth and revenue.

Marketing aims to bond deeply and synchronize with customers in the digital and artificial intelligence age. Real-time customer conversations on social media and other sources are continuously updated and are available for public access. Deriving insights from real-time customer conversations empowers businesses to respond quickly to current events or unexpected challenges. To do real-time marketing right, companies need to have their ears to the ground. If businesses can keep their eyes and ears open, they can turn any situation into fruitful opportunities. This means companies making changes on the fly based on how customers are engaging with the offerings and marketing campaigns. Real-time marketing capabilities endow marketers' means to instantly respond to what customers expect, solving their problems and issues immediately. Companies can orchestrate real-time marketing insights derived from online customer conversations to empower their marketing teams to be more creative, push boundaries, and achieve growth in new ways.

Companies can deploy real-time marketing capabilities to monitor customer searches, choices, purchases, and comments to generate specific deals, ads, text messages, emails, and specials for specific individual customers. For example, firms can focus on real-time customer satisfaction, providing the support, help, guidance, and information necessary to win customers' loyalty. Marketers can use real-time conversations to assess a customer's sentiment, intent, and behavior, decide on the next best action, and optimize a real-time marketing opportunity. This may include pushing out just the right content at just the right time, delivering a personalized offer, sending a follow-up email, or more. Doing so allows the customers and the marketers to learn from each other and respond to each other. By interacting and engaging with customers in real-time, marketers can establish and maintain dynamic and sustainable relationships with their customers in a noisy and cluttered marketplace.

Online customer conversations regarding customer order fulfillment, purchasing process, customer service, and product delivery reflect the corporations' marketing capabilities and customer journey in the purchase process. Customer journeys are depictions of the entire customer experience or even paths to achieving life goals. Understanding where a customer is along a journey and the ability to respond and take advantage of opportunities within a specific time frame that provides value, the process of monitoring consumer responses to marketing messaging and offering, and then adapting in real-time. By interacting with customers at real time, marketers can offer customers immediate responses and assurances about firms' offerings, learn firsthand what customers want, how they like the offerings, and even how they feel issues seemingly unrelated to the specific transaction, such as their lifestyles. In short, real customer conversations offer an abundance of data for marketers to leveraging this unstructured, customer-centric data to evaluate and nurture marketing capabilities and understand their impact on performance outcomes. The massive amount of data permits marketers to "listen," allowing them to replace slow and costly traditional marketing research such as surveys and longitudinal data with timely and crowdsourced intelligence.

The Benefits of Real-time Marketing Capabilities

Building marketing capabilities based on real-time customer conversations pay off for companies handsomely. For example, timely monitoring and the consequent agile customer service can have an especially strong payoff for firms. It not only engenders loyalty for the focal customer but can also increase the likelihood of eliciting additional positive conversations about the firm and its offerings, resulting in a virtuous cycle for resolving uncertainty for future customers and positively differentiating the focal firm from the rest of the competition. Based on real-time customer conversations, marketing capabilities allow companies to embed customized offerings in “decentralized ‘intelligence’ capable of anticipating or reacting to customer overt and hidden needs with minimal response time latency. Similarly, firms with substantial marketing capabilities based on real-time customer intelligence can proactively adjust their inventories and service terms promptly in the presence of customer conversations (negative or positive), increasing the match between firm inventory and customer orders.

The preference of customer needs and wants changes always manifests in real-time consumer conversations. The spontaneous nature of the moments that drive real-time customer engagement can make it challenging to anticipate fully. However, if marketers know their target audience, what they are interested in, and what is going on in their world, it can help marketers consider potential scenarios and responses. Using real-time customer conversations, companies can satisfy individual customers’ different and evolving needs and preferences when they emerge (i.e., in specific actor/time/space contexts). For example, companies can spot customer needs changes from customer conversations in the evolution of customer mindsets and behaviors before the competition and adjusting the marketing strategies of existing offerings or developing new offerings as critical opportunities for growth. Online customer conversations are updated continuously, allowing firms to keep a finger on the pulse of what’s going on and enabling firms to sense changes in marketplaces and consumer preferences agilely, create compelling and engaging experiences for each customer. Customer conversations could also be “harbingers” that send early warning signals about what is to come, alerts firms when the rules of the game are changing, and act accordingly.

Real-time marketing capabilities enable marketers to engage with their customers one-on-one, at scale, to build meaningful relationships, and grow business. Real-time marketing capabilities focus on connecting with customers during crucial moments when the

engagements will be most fruitful. Real-time marketing capabilities allow marketers to interact with customers and make a pitch at the exact time when customers need them most, getting the attention of customers at the right time and making the right offers, resulting in increased sales. Companies can always derive customer insights from customer conversations to gauge customer reactions to their offerings and services directly. Customers nowadays want their individual needs to be accurately understood and swiftly met. Real-time marketing capability is a sophisticated way to build customer loyalty and create revenue lift, and it starts with marketers' ability to understand customer characteristics, channels and context. Success depends on the ability of marketers to know, sense and plan ahead, while being able to evolve with customers' changing preferences, evolving purchasing behaviors, and increasingly fine-grained contexts.

By working on real-time customer conversations, companies can rapidly respond to complaints, develop new products or services to meet customer changing needs or wants, make sense of the market, and execute marketing decisions to adapt to the market. Marketers can do this because customer conversations from multiple sources provide firms a complete view of their customers, so they are able to access behavioral intelligence and learn as much about their customers as possible. Knowing their customers' up-to-date preferences and trends helps marketers make next-best-action and next-best-offer recommendations. These actions can prevent customer switching, enable marketers to address the inadequacies quickly for the focal and future customers, and limit future negative conversations about firms' products and services. Therefore, extracting insights from real-time customer conversations that reflect companies' marketing capabilities from customers' perspectives can provide a novel approach to marketing capability analysis. This approach speaks to the future of real-time analysis of customer conversations through AI deployment. Ignoring the real-time nature of customer conversations in the digital age, customer behavioral changes and expectations leads to lost opportunities or, worse, the development of full-scale crises. The dominant companies of tomorrow will be those companies that develop the capabilities to learn the fastest and are able to realize the potential of real-time marketing capabilities.



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