



## Research and analytics can help gain actionable insights across every corporate function

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Think about the retail company that sends you coupons for products you always intended to buy on your next shopping trip, the telecommunications company that proposes a special six-month deal on bundled phone, cable television and high-speed internet just for you, or the credit card company that offers you loyalty bonus features and spending limits which directly map to your lifestyle. Is this accidental? Think again!

Winning companies know that the right research and analytics enable them to gather, synthesize and extract data-based insights about their customers and their rivals, with the resulting insights provide them with monumental, actionable competitive advantage.

While these examples intuitively make sense as they are highly transactional in nature, the fact is that every corporate function in just about every industry benefits from the insights research and analytics yields - not just marketing functions. Here are a few examples of how almost every corporate function can benefit from applying research and analytics.

### **Leveraging actionable insights in finance and risk management**

In the finance function, actionable analytics are a vital forensic and forecasting tool which helps assess the implications of past performance and model future implications. While financial planning and analysis departments tend to spend the bulk of their analytic resources looking at results such as variance of actual spend versus budgeted spend, analyses such as these are fundamentally flawed if the base budgeting process is broken. Rather, finance departments should be able to predict what the spend *should have been* given the appropriate cost drivers of a particular category. Once one understands the relationship between the cost driver and the cost itself, rather than the cost by period, it is possible to predict with some accuracy a pro-forma cost based on what actually happened in that financial period.

Spend analytics for products and services purchased from third parties is another area where finance or procurement functions can effectively leverage research and analytics to reduce direct and indirect costs. Hunting for alternate suppliers, identifying the right commercial agreement, and benchmarking against other companies all play a role in reducing cost in all categories.

Analytics also plays a large role in the fraud arena, a function where finance functions must pay increasing attention. For example, one of the leading online travel agencies combats fraud with a unique combination of analytic tools. It identified a variety of transaction-specific and consumer-generic factors that predict the likelihood that a particular transaction is fraudulent, and then built a series of complex business rules into a fraud tool that flagged transactions for further human evaluation.

Yet another use of research and analytics in finance and risk management functions is quantifying the probability of adverse outcomes. For example, credit risk analytics predict the likelihood that a prospective customer will be delinquent or default on his or her obligation to pay, as well as help determine the interest rate a particular customer should be charged and which terms and credit limit should be extended.

### **Leveraging actionable insights in sales**

Implemented correctly, research and analytics supports informed decision making at every phase of the sales lifecycle. In the business-to-business context, consistently applying sales analytics helps companies understand which phase of the sales cycle customers are in, and what actions might move them from one part of the sales lifecycle to another. In short, the right sales analytics determines which decisions will lead to maximum sales program success.

UK-based Tesco, one of the world's largest food retailers, uses research and analytics in sales to drive customer retention decisions. With the customer insights it derives from its Clubcard



loyalty card purchase data, Tesco creates promotions tailored specifically to its customers' priorities and interests, issuing seven million targeted variations of product coupons each year. As a result, Tesco has outstripped its competitors in terms of coupon redemption rates, customer loyalty and financial performance.

### Leveraging actionable insights in research and development

In R&D, analytics play a key role in helping companies ration increasingly limited research dollars by focusing on efforts where the probability of commercial success is the greatest, and adding vital marketing insights.

While companies traditionally exhaust major funding on market research before they undertake product development in an R&D environment, this tells them little about how to sequence their launch in a global marketplace. For example, one of the U.S.'s largest consumer packaged goods companies uses research and analytics to define the sequencing of product launch and support across more than 60 countries globally. This company knows that, when compared to the developed West, most global markets are still evolving from a consumer-behavior and readiness-to-consume perspective. For instance, the consumption of products such as hair conditioner and disposable diapers is highly correlated to a variety of income and socio-cultural factors, and the penetration of products can predict an emerging sophistication in consumption behavior or suggest the need for localized remedies. Research and analytics gave the company the insights to assess where the 60+ markets lined up on a consumption curve, thus highlighting the markets for first wave launch and investment.

### Leveraging actionable insights in human resources

There are a variety of ways in which research and analytics adds actionable insights to the critical task of maintaining employee satisfaction as well as high performance. While most companies refer to their employees as their most important assets, it is unclear how many of them understand the factors that drive employee satisfaction. Obtaining answers to questions such as, "Which employees are likely to leave the organization?", "Why?" and "What characteristics of their employee experience are potentially causal factors?" is critical.

For example, a leading online travel agency faced with attrition issues analyzed the factors driving employee retention and found that work content, front-line agent empowerment, and shift staffing patterns were the most significant factors driving employee retention. With research and analytics, the company had the tools to effectively manage its workforce satisfaction.

### Leveraging actionable insights in marketing

While research and analytics are important in every area of a business, it is in the marketing arena that organizations invest more on knowledge than any other functional area. Whatever the industry, marketing is charged with the challenging task of trying to meet the infinitely varied needs of consumers including price, packaging, point of sale promotions and messaging.

Because of their extreme reliance on data, marketers are faced with a dual challenge extracting insights from mounds of quantitative data and predicting unarticulated needs and behaviors from qualitative data. These challenges must be met at two levels: strategic, where the broad positioning of the product or service is cast in concrete and rigorously adhered to, and tactical, where decisions on factors like price are made depending upon constantly changing market conditions.

Compounding this challenge is that each tactical decision itself sets in motion an effort to analyze the success or ROI of marketers' efforts. This attempt to analyze, learn and act from a constant cause and effect cycle is further regularly affected by the decisions that competitors and the trade channels are making, as well as broader societal macro-trends such as economic conditions, demographics and buying power that over time shift fundamental consumption behavior.

Indeed, an organization that is not leveraging knowledge in all functional areas will not gain the full range of benefits that come with being a knowledge competitor. Within today's increasingly complex global companies, the outputs of every corporate function in some way impact the competitive positioning of a company's products or services. Research and analytics allows the corporate functions to generate those outputs more efficiently, quickly and effectively.

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Author's note: This article contains excerpts and out-takes from the WNS thought leadership whitepaper entitled, "Armed with Knowledge: Gaining Competitive Advantage through Knowledge Process Outsourcing"  
To access the full KPO whitepaper, visit <http://wns.com/kpoforcompetitiveadvantage>

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