Round-Table Talk

Forefront of Digital Marketing
Launch of Customer-Centric Marketing

Digital marketing is the use of the Internet, mobile devices, and other such technologies to promote products and brands. As the practice becomes more widely adopted as a solution for linking companies and their customers, one approach that is currently attracting attention is that of customer-first marketing, a term that recognizes the customer as the starting point for marketing. Rather than a one-way flow of information about products and services from company to customer, customer-first marketing involves practices that take into account the opinions and actions of individual customers, thereby delivering products and services that are better matched to what they actually want.

To showcase what is happening at the forefront of digital marketing, in October 2018, Fujitsu invited Jun Umemoto and Akihiko Kizu of K-Opticom Corporation, an early adopter of customer-first marketing that has already had success with the practice, to participate in a round-table talk with two staff from Fujitsu's digital solution's division who were involved in implementing FUJITSU Digital Marketing Platform CX360, the platform used by K-Opticom to support this work.

[Participants]
Jun Umemoto
Team Manager
Marketing Team, Consumer Business Strategy Group, Consumer Business Division
K-Opticom Corporation

Akihiko Kizu
Marketing Team, Consumer Business Strategy Group, Consumer Business Division
K-Opticom Corporation

Takashi Nakazaki
VP, Head of Digital Solutions & Delivery Business Unit
Fujitsu Ltd.

Masashi Hirayama
VP, Manager, Digital Marketing Department, Digital Solutions & Delivery Business Unit
Fujitsu Ltd.

The participants' company names, department names, and job titles are those at the time of the round-table talk.

[Background]

Establishment of brand vision prompts greater emphasis on putting customers first

Nakazaki: Can you begin by telling us about the background to your adoption of customer-first marketing?

Umemoto: We provide a fiber-optic Internet connection service in the Kansai region of Japan under the "eo" brand. Our eo HIKARI (fiber-optic Internet service) has built up its subscriber base by offering a high-speed and reasonably priced Internet service. Whereas our focus while the market for fiber-optic Internet was growing rapidly was on customer acquisition, the market has since matured, leading us to shift focus toward a greater emphasis on serving existing customers.

Nakazaki: When did that shift take place?

Umemoto: Two years ago, when we formulated a brand vision of eo being the easiest to talk to and the most reliable provider. This embodied our desire to establish ourselves as a brand that customers can rely on. It also formed part of a company-wide strategy of becoming the sort of company that builds good relationships with customers.

Nakazaki: I understand that K-Opticom's management strategy includes an objective of using customer-oriented services to boost customer satisfaction. This means identifying what it is that customers want and, by supplying services that delight them in terms of both content and timing, having those customers feel that their choice of K-Opticom was the right one. This is what keeps customers loyal over the long term and leads to word-of-mouth recommendations that win customers from other providers. I can see how you have set yourselves a goal of getting the entire company working as one to inspire this sort of response in customers.

Umemoto: That's right.

Kizu: Consequently, when we started thinking about how best to achieve our brand vision, we concluded that we needed to be more considerate of our customers. We needed to understand their thinking, asking what are the things they appreciate, and likewise what do they find annoying. That had to be our starting point.

Umemoto: We have always had a corporate culture that places a high priority on customer satisfaction, often achieving top place in satisfaction rankings of fiber-optic Internet service providers, for example. This is a result of the efforts and attentiveness of our customer-facing departments. These various departments strive to deliver results in their respective channels, with the contact center dealing with customer inquiries, sales with connection applications, and our technical staff with engineering work. We saw this as an area where we could build on our strengths.

Kizu: There were cases where the exchange of information with customers was isolated within particular channels. This prompted the suggestion that such information could be shared across the company, thereby fostering a company-wide recognition and understanding of customers.

Umemoto: It was from that starting point that we launched a customer experience (CX) improvement project in our company. This project asked how best to go about achieving an overall improvement in CX, the question being one that was discussed in different departments across the company.

Jun Umemoto, K-Opticom Corporation

Kizu: We looked at the sorts of experiences that customers are exposed to, from how a new customer goes about signing up to how we deal with getting them connected and the provision of after-sales support by our contact center. We then began looking at what we could do to make those experiences better. The need to gain a better understanding of customers served as the basis for these activities.

Nakazaki: You realized that coming out on top in customer satisfaction surveys was a sign that you were optimizing particular things, but not that you were

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providing total optimization of the CX. For this reason, you were still trying to figure out things like your customer journey map and persona profiles.

[Challenges]

Ready to put measures in place but lacking the data needed

Hirayama: What was it that prompted you to embark on the CX improvement project?

Kizu: I used to belong to the department that manages the contact center. I was thinking about how we should be advising customers when they call us, but had run out of ideas. While we had access to data about past responses to customer's problems and details of their contracts, we lacked information about the customers themselves, such as their level of IT literacy, their areas of interest and hobbies, or other such data that might help us come up with new suggestions. While operators can ask for details like these, to do so requires a degree of skill. Even when they do so, it remains difficult to provide the best information on the spot. While customers call us when they have a problem, they also frequently ask for additional advice after the problem is resolved. This led us to arrange for all sorts of merchandise and other rewards that we could offer customers to keep them happy. The problem, however, in the run up to the CX improvement project, was that we lacked the basic information needed to match these to customers.

Hirayama: Yes, I remember talking to you about this. You told me that you wanted to analyze the preferences and actions of customers, but you were unable to do so because only some of the data needed for this was available within your particular department.

Kizu: Exactly. And it happened despite the fact that the data did in fact exist, scattered across different parts of our company.

Umemoto: A lot of data exists within the company, including contract information, records of past interaction between customers and the contact center, and customer relationship management (CRM) data from sales. However, when we set about writing down scenarios for which channel to use for individual customers and how best to communicate with them, we found that the data was not linked.

Kizu: Some staff, who had figured out for themselves

what data existed and where it could be found, were able to make use of this data with a bit of extra effort. However, such initiatives were limited to particular workplaces and did not provide a permanent solution. That is, there was no mechanism in place to do this and it depended on the knowledge and skills of individuals, not having been made part of our business practices.

Akihiko Kizu, K-Opticom Corporation

Hirayama: Data is certainly very important. It is hard to understand your customers without a wide range of information about them, including details of what they have looked up on the web site or how they have responded to e-mails sent to them as well as their past use of their Internet connection. Without this, you cannot provide them with a satisfying CX.

Umemoto: That is why this was the first issue we wanted to resolve. We wanted to be able to choose the best course of action—whether to send them direct mail, visit them, or make contact by telephone—based on a sound understanding of the customer's attitudes and preferences that was obtained by bringing all sorts of data together. By doing so, we wanted to communicate with our customers in a way that would make them say "Hey, that's nice."

[Solution]

Considering all CXs to decide how to communicate with customers

Nakazaki: To repeat a question, why was it that you chose Fujitsu's CX360?

Umemoto: Your proposal to acquire a deep

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understanding of what we wanted to achieve and to join with us in using customers as the starting point for considering digital strategies and policies was the best fit.

Kizu: When the marketing staff wanted to take some measures or conduct analyses, they came to a visceral realization of the obstacles and difficulties that prevented easy access to the data. We also believed that Fujitsu would be able to overcome these issues for us. In practice, Fujitsu was already managing our mission-critical systems and it was those mission-critical systems that were collecting the underlying data for marketing. When data was needed to put measures in place or conduct analyses, it was readily available.

Umemoto: Your agile development practices are also impressive. You proposed that development method to us at an early phase of this project. Since then, we have continued to work with Fujitsu in a way that builds as we go, trying different things, each of which has its own schedule based on the associated objective, and with the results being used as feedback.

Kizu: Measures by CX360 are still spreading across the company in various different forms. The contact center where I previously worked is engaged in a project looking at how best to present different customer data to the operators in a way that will be easy to use. Sales and construction, too, are looking to implement measures that address the question of how to distribute customer information.

Hirayama: As part of the implementation and operation of CX360, I, too, found myself spending time at various different departments at K-Opticom. Out of interest, how many staff across how many different departments are involved in the project?

Umemoto: The core team of about 10 people who attend the regular project meetings was drawn from business planning, marketing, and IT. When the staff involved in various measures are added, the total comes to about 20. However, what we are trying to do is to gain an understanding of all the different CXs and to determine which forms of communication to adopt, something that forms part of our company-wide management policy. An objective like this involves all parts of the company.

[System Implementation]

Designing a CX demands understanding of both systems and marketing

Hirayama: Prior to our proposal, your people explained to me that, rather than simply collecting data, what they wanted to do was to provide customers with a superior experience. I felt a strong empathy with this approach of targeting CX, and I was present during the preparation of the planning documents. The key to delivering on satisfying CX is the Experience Data Platform (XDP) of CX360.

Umemoto: I felt there was a very good fit with our requirements.

Hirayama: While projects like this one often include installation of a data management platform (DMP). This is typically also used for digital advertising placement and has come to be referred to as a third-party DMP. Other alternatives include customer data platforms (CDPs) and "first-party" DMPs that hold data on the company's own customers as is the case at K-Opticom. Unfortunately, unless installed with a particular purpose in mind, they tend to end up being nothing more than a customer database. Accordingly, what Fujitsu offers instead is an XDP. This is a platform that has the clear purpose of linking activities that take place across different departments to improve CX. We received very positive feedback about this XDP in our presentations.

Umemoto: I remember from our discussions with Fujitsu how one of our staff described it as not so much an experience data platform as an experience design platform.

Hirayama: Calling it a platform for designing experiences carries with it the intention and thought process of designing something. I agree with that so much that I could consider changing the name.

Umemoto: For me, the image conjured up by "XDP" is one of using customers as the basis for collating information about our dealings with them that was previously spread across different departments, including the contact center, sales, and construction, and translating this into experiences that leave those customers with a good feeling.

Nakazaki: To put it in more forthright terms, the work of our digital marketing department deals not so much with system implementation as with those experiences

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and with communication.

Hirayama: That's right. When presenting proposals in the early stages of marketing, we do not think so much in terms of ICT. We do not see the "how" as being the focus of the discussion. While system engineers form part of the team, they also serve as marketing planners, designers, or directors. While they obviously have expertise in mission-critical systems, their understanding also encompasses digital marketing. It is by understanding both sides that they are able to work through the plan-do-check-act (PDCA) cycle for the actions being taken. Their knowledge of how to communicate with customers and familiarity with their circumstances means that they are able to analyze this data for use in future communications. They are also able to work alongside customers on considering what further actions to take.

Nakazaki: Along with the system engineers who build the mission-critical system, the department also has staff with expertise in consulting and data analytics. These include former system engineers who have an understanding of computer systems. It is important to have staff who understand both systems and marketing. While it is possible to build a DMP without such staff, they will not be able to take it to any deeper level nor into the realm of experience design or the like.

Takeshi Nakazaki, Fujitsu Ltd.

Umemoto: If this current work had only gone as far as installing a DMP to provide the system infrastructure, we would not have achieved the things we have. In terms of the project sequencing, addressing the question of how we can reach out to customers having acquired a proper understanding of them, our having a

clear objective and using it as the basis for implementing the XDP resulted in a positive outcome. Knowing where you are going is vital.

[Impacts]

Extent of customer impact achieved by devising scenarios that target specific customers and then acting on these

Umemoto: In using the XDP to better understand our customers, and utilizing this as a basis for implementation, we are gradually gaining an appreciation of which types of customer are best contacted by which means, and that the more we focus on devising scenarios, the better the customer response we get.

Hirayama: You are talking about measures for reward options and how they were promoted. I have heard about this from your people.

Umemoto: That's right. We have about 20 different reward options available for distribution to customers and we give out tickets that they can exchange for these rewards based on the type of contract they have and how many years it has been running. What we found, however, was that fewer of these tickets were being redeemed than we initially expected. When we then went on to utilize the XDP to devise scenarios that consider the needs of customers from their own point of view and match them to the types of reward available, and also started promoting the rewards through both online and offline channels, the result was a dramatic increase in uptake. The accuracy of matching improved considerably from what we had achieved before.

Kizu: For example, one of the reward options was a free upgrade to the latest set-top box (STB) that we promoted based on the model number of the customer's existing STB and their service plan. Likewise, for other rewards, we fine-tuned how we promoted these based on customers' contract details and how many years they have been with us.

Hirayama: Whereas previously you had promoted all of the rewards to all of your customers in the same way?

Kizu: Yes. Because the XDP also holds data on things like a user's browsing history on our web site, we can use this to choose different media for different customers, such as e-mail or banner advertising. There were also instances of customers who had abandoned

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attempts to apply for rewards via our web site. For such customers, we used the telephone rather than the web to offer these. As their web access history indicated an interest in the reward, the customers were pleased to have it offered to them over the phone. I could tell it was working because we had never had such a strong response before.

Hirayama: In terms of numbers, how big a response was it?

Umemoto: The percentage of e-mails opened increased from its previous average of 4 to 5% up to around 20 to 30%. That is a five to six-fold improvement.

Hirayama: More people respond to the e-mails sent to them, and it is also likely that fewer people are dissatisfied.

Masashi Hirayama, Fujitsu Ltd.

Kizu: Yes. A higher probability of receiving e-mail with personal relevance means that there will be fewer customers annoyed by unnecessary mail.

Umemoto: This work provided a strong sense of the extent to which customers are impacted by our devising targeted scenarios based on activity analysis and the demographic information stored in the XDP, and utilizing a diversity of different channels to establish communications with them. As I produced a report to make these results known across the company, I expect that staff from other departments have also become aware of these benefits. An approach to marketing whereby data is utilized to decide which measures to adopt and how to go about them will likely become common practice across more departments in the future.

[Assessment]

Pursuit of CX360-based measures driven by strong teamwork

Nakazaki: The work you have undertaken at K-Opticom has already achieved a degree of success. What do you see as the reasons for this?

Umemoto: The trigger was the decision by top management to put in place a brand vision that would serve as our starting point. On top of this was our corporate culture of pursuing customer satisfaction and the base it provided for an emerging company-wide commitment to strengthening it further.

Kizu: There was a clear common understanding across the entire company that we would move in that direction, based around our brand vision and formulated with full consideration of what it was that each department was expected to achieve.

Nakazaki: I see. The impression I get is of the entire company coming together under the banner of the brand vision to work towards achieving it.

Umemoto: Exactly. And now the XDP has become available as a tool for achieving the brand vision.

Nakazaki: My impression from the outside looking in is that marketing personnel like yourselves are essentially acting as a hub around which a transformation of the company is being undertaken in a way that begins first and foremost with your customers. Your strength at K-Opticom is that people from all departments have bought into that transformation and are working cooperatively together.

Hirayama: That you have, as a company, effectively realized a brand vision and won buy-in from staff of all departments shows me that you are a team. It is thanks to that strong teamwork that your CX360-based measures have been so successful.

Nakazaki: Accepting that, the fact remains that you have only just started. What are you planning for the future?

Kizu: We want to use XDP as a basis for enabling things that are possible digitally to also be available when dealing with people in the offline world, and to make the information that can only be acquired from these real-world interactions available wherever it is needed. We want to provide customers with an even better experience by further developing our existing practices

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and making customer information available throughout the company, including in sales, construction, and the contact center.

Umemoto: Given that there are still a large number of customers who fall into categories such as those who have yet to take advantage of the convenience of online services, or those who we have never had the opportunity to make contact with despite their having been subscribers for many years, we want to offer more points of contact. There is still much to consider before we can determine how best to go about doing this.

Nakazaki: Whatever challenges may arise, I'm sure the answers will be provided by CX360 and XDP, and we will offer our utmost support to ensure that Fujitsu staff can deliver positive outcomes. I look forward to working with you in the future.

of implementing various marketing initiatives based on this philosophy.

[Note: K-Opticom Corporation changed its name to OPTAGE Inc. on April 1, 2019.]

https://optage.co.jp/

K-Opticom Corporation

Established: 1988
Employees: 1,463 (as of April 1, 2018)
Sales: 211.1 billion yen (March 2018 period)

With a corporate mission of providing customers with enriched living and a trouble-free business environment, the company operates a variety of services based on its own fiber-optic network that covers the entire Kansai region of Japan. For general consumers, it offers "mineo," a low-cost smartphone service, and "eo HIKARI," a fiber-optic communications service that has received top ranking for customer satisfaction. Other services include the "BUSINESS HIKARI" corporate network solution and the low-cost "OFFICE eo HIKARI" service for small and medium-sized enterprises and home offices. Prompted by a changing marketing environment, the company was an early adopter of customer-first marketing, having achieved ongoing success since adopting CX360 in 2016 as a means