



Marketing with a digital heartbeat

How to drive successful customer engagement by placing digital marketing at the heart of the organisation



By Paul Kennedy,
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Marketing has come a long way since the first ever web page^{iv} about 20 years ago and Nicholas Negroponte's 1995 classic, 'Being digital'^v. However, we are still some way off reaching Nirvana. Consumers have fundamentally altered the way they make purchasing decisions. Companies aiming for growth will need to work harder to address new customer values and changing behaviours. This paper sets out some of the issues and opportunities facing marketers moving into 2011.

Economic and social changes over the last two years have resulted in changes to consumer behaviours – price rises, interest rates and job uncertainties have caused consumers across all affluence groups to moderate demand, exhibit socially conscious behaviour and reconsider traditional spending patterns. Mistrust of traditional sources of advice and opinion such as corporates (for example, following the bank bailouts^{vi}) and politicians (in particular, the expenses scandal) have prompted consumers to look to families, friends and peers^{vii} for advice and recommendations.

The evolution of the internet and continued growth in penetration of broadband access in the UK^{viii} has opened up new routes to highly efficient markets – aggregators, comparison sites, social networks and forums to name but a few. The rapid growth in smart phone adoption has also fuelled access to the internet and a new generation of applications. Some commentators are even predicting the end of the web as we know it^{ix}, to be replaced with more tightly controlled platforms, such as smart phone apps. This may be going too far, but the maturing of the web will radically transform consumers' experiences' of interacting with brands.

As the boundaries between digital and traditional channels become harder to draw, 'digital' may in time not be seen as a discrete marketing discipline. Organisations will seek strategies for a digital world rather than digital strategies. A critical success factor will be the ability to embed digital marketing principles at the heart of business strategy, rather than as an afterthought.



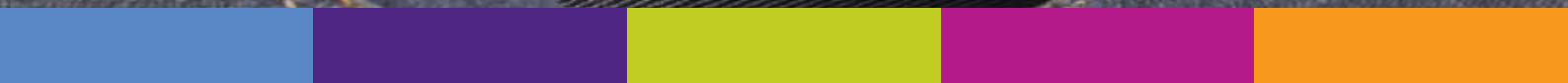
Online retail spend continues to grow, with 42.6% of UK consumers now buying online at least once a week, and an average online spend each of £71 per monthⁱ.

High street retailers Gap and H&M have launched online stores in the UKⁱⁱ.

Unilever's chief marketing officer plans on doubling the firm's digital marketing spend over the next yearⁱⁱⁱ, saying that "everybody's talking about it. Few people are doing it, and those that are doing it, aren't doing it very well."



Almost a third will research products and prices online before completing the purchase at their local store





Consumers have fundamentally altered purchasing decision making

Our online intentions as consumers were traditionally based on purchases and in some cases, web search. A number of new domains have now emerged where additional signals can be seen in the 'social graph' (who I am and who I know), the status update (what I'm doing and what's happening) and the check-in (where I am), according to Wired cofounder, John Battelle^x.

Consumers who use stores, catalogues and web spend four times more than those who use just one according to McKinsey^x.

Consumers exploit all available sources of information when considering purchases – word of mouth, stores, brand websites, comparison sites, web chat, social networks, forums, etc. According to Econsultancy research, 63% of people research across multiple websites before completing their purchase. Almost a third will research products and prices online before completing the purchase at their local store, while 26% do the reverse and buy online after checking out products in-store.

It has long been assumed that consumers move sequentially through an ordered series of stages before making a purchase and that each marketing intervention addressed specific stages in turn. Far from it. Points of interaction and marketing initiatives have often been designed around the metaphor of a 'funnel' – consumers start with a number

of potential brands in mind (the wide end of the funnel), marketing is then directed at them as they methodically reduce that number and move through the funnel, and at the end they emerge with the one brand they choose to purchase. This model is no longer sufficient as it does not encompass all touch points and factors now coming into play – product proliferation and channel surfing are everywhere and consumers have become more savvy. Fewer people make purchase decisions based only on offline or online messages and experiences – the reality is that often a non-linear combination of factors, circumstances and individual choices are in play.



It is time to join the dots
to create consistent brand
experiences

Analyse what customers are seeing, **explain** what customers are doing, **interpret** what they are saying, in real time and **use** to create personalisation to help customers feel personal **affinity** with the brand.

The Guardian estimates that the amount of 'data in the digital universe' in 2010 is 1.2 zettabytes^{xii} and **70% of this will be generated by users**. IDC estimates that by 2020, 450 billion internet transactions will be generated every day.

1. Develop a single view of customers' business and interactions

The establishment of a single view of all customers' book of business, interactions, preferences and other data has always been at the heart of high performance direct marketing programmes. Within the digital world, this does not change, but rather needs to be extended to accommodate new and more rapidly changing data types.

We are living through a data renaissance; Data is now seen as an economic input alongside capital and labour according to the Economist^{xiii}. Data exhaust – the trail of clicks that internet users leave behind from which value can be extracted – is the lifeblood of the digital economy.

Data accuracy and richness is the foundation for positive customer interactions. The more sales data that can be matched to individual customers and duplicate records removed, the better the customer experience. Equally, the more anonymous customers that can be identified and linked with transactions, the more meaningful the relationships that can be established.

The rapid growth in social applications gives rise to vast repositories of customer related data also being held on proprietary platforms such as Facebook, Twitter and industry specific forums. This means a single customer view may comprise data across a number of necessarily independent domains. Such data (eg profile information, updates, postings, etc) which is not password protected can be accessed or extracted from such platforms to enable brands to generate additional insight into customers behaviours and preferences.

The task is not to be underestimated however – there is no shortage of data, rather considerable effort will be required to decide which data elements to include and how to use them.

2. Enhance and exploit consumer data and identify anonymous visitors

By enhancing digital interactions and transactions with other data such as credit/risk, occupational, family status and user generated, brands can now improve targeting and personalisation of content.

Customers have grown in their diversity of behaviour, resulting in more fragmented audiences. As a result, many models and segmentations built prior to the recession are likely to have declined in their predictivity. Such models should be rebuilt to include regularly updated credit/risk indicators, transactional and digital data such as email click/open and web browsing data which can be matched back to an individual consumer. Data is now more easily available to identify not just gross income, but disposable income, making it easier to target varying value propositions on a more refined basis.

It is now possible to source data which is continuously updated, rather than depend on, for example classifications or models that are updated only once a year. The availability now of significant volumes of 'actual' signal data means predictive models are not always required.

Share of wallet data and actual niche trigger data allows a broader view (on and offline) of each customer to be built – what are they spending elsewhere and what specific events are upcoming for them and their families. Finally, for customers, transactional data from third parties can be added to in house sources – again another way of identifying overall spending patterns.

The ability to transform customer data into strategic insights and identify high potential groups of customers is vital to drive growth generating activities. A recent Accenture study showed that above average growth companies had above average performance in analysis.





Consumers expect to be recognised as personal individuals and anticipate that their needs will be met by appropriate responses from organisations. Technology can be used to automatically target content and messages with the highest degree of data depth available based on user IP addresses, down to postcode level. This can be used to improve content localisation/targeting of advertising and allows audiences to be better segmented.

For those consumers who reach web sites as a result of clicking on an email or register/login, it is thereafter possible to link that consumer's browsing behaviour to their central record and present back relevant content based on all of the other variables available centrally.

Techniques such as this allow the identity of many anonymous browsers to be known so that their experience of the brand can be improved. When matched back to the other data types described in earlier sections, this allows a deep view to be built of customer needs and wants and

therefore next best offers can be presented to customers at just the right moment.

3. Interact with customers using what insight you have to make it relevant

Most organisations hold a wealth of information about customers – purchasing history, preferences, interests, etc. In many cases, this data is not fully utilised to personalise digital interactions with the brand, whether they be via email, web or mobile application. Small changes to email messages (eg recognising local points of interaction) can have a big impact on engagement levels, especially as brands struggle to get sufficient attention from their customers. >



Digital marketing is not just about online but also about creating links to the real world and updating the offline experience



The launch of Gmail's Priority Inbox could be a boon for consumers – emails are sorted according to their 'importance' as defined by the recipient. In the past there were just two categories of email – white mail delivered to your inbox and spam, hopefully filtered by the email provider. We now have a third classification – 'less important messages'. For marketers, however this could be problematic. Unless marketing emails are perceived as relevant by the target consumer (and therefore categorised as important), they will slip to the lower end of the pile and maybe not be seen. Whilst email marketing is sometimes seen as 'free', it is wasted effort unless it is carefully designed to appeal to the people whose attention you are seeking. The best way to get attention (and thus be categorised as 'more important' in the Gmail world) is to send content which is interesting and relevant to their needs and desires, for example by including lots of dynamic zones within the message, rather than just sending the same message to the entire opted in customer base.

Equally, when customers visit your website on a regular basis (and be identified as such), to what extent do you present relevant content based on what they have viewed in the past and other offline information held about that customer?

To achieve this, a clear approach to content management and supporting platform is becoming more important. Benefits of adopting this approach include enabling faster go to market, higher levels of web engagement, better targeting of messages and website conversion. This, together with a reduction in effort

duplication and the ability to leverage web content across multiple channels, gives organisations a strong competitive advantage.

Add to this the ability to analyse site performance at an individual level, rather than just tracking standard/'standalone' web metrics, such as page views, click-through rates and marketers have the ability to map behavioural data into individual profiles, providing businesses with an extremely powerful tool for understanding and engaging with prospects, customers, and website visitors.

Also key to growing the customer relationship is in capturing additional data at key points of interaction, for example on the back of email campaigns – once you have the basic information, look to gather additional opt ins, interests and registrations. Consider the value exchange for customers – give them a reason to volunteer their personal details, for example by offering vouchers, brand related content or other incentives in return.

Underpinning such platforms and analysis should be a set of business rules, created by planners, which guide the customer journey on a flexible basis.

4. Create bridges between online and offline presences

Digital marketing is not just about online but also about creating links to the real world and updating the offline experience^{xiv}, for example in-store and contact centre, to identify new ways that every single touchpoint can drive engagement and benefit from the digital explosion. >



Staff at Abercrombie & Fitch checkouts are now suggesting to customers that they visit the brand's Facebook page.

With high levels of personalisation and localisation, email can be effective in encouraging customers to visit local stores or branches. This is particularly true as we see a number of high street only retailers setup online transacting sites – the most recent being Zara^{xv}, where customers will be able to have goods delivered to them or pick them up in one of Zara's 65 UK stores. Mobile and social are both highly effective tools which can be used to create interesting experiences and content for customers, crucially for organisations, drawing in-store customers onto online presences.

Almost half of shoppers do web searches before visiting the high street (according to Verdict). This means traditional retailers are now looking to invest in search activity to drive visitors into stores. The rise of the 'savvy shopper' who uses the internet to seek out the best deals before visiting stores means that the promotion of customer ratings and favourable reviews will take on greater significance, according to Marketing magazine^{xvi}.

5. Utilise search and digital media to capture more internet traffic

The use of search (paid and natural) and affiliates to increase online audience and to inform digital media planning/buying is well established. However, a number of developments have implications for the use of search as part of an overall marketing programme:

- Competition in this space has driven Google keyword price inflation, which in turn impacts campaign performance.
- Google's Caffeine indexing infrastructure now allows brands to leverage social media presence to diversify link portfolio. Google's recently introduced 'instant' functionality may however limit the range of search results browsers see.
- Video, local, social and mobile search offer new opportunity for brands

- In some cases, users are now being given choice as to the type of adverts they are shown.

Whilst Google and other search engines remain dominant for the moment, a range of alternative platforms should be tested such as Facebook, Spotify and Foursquare, where much more is known about browsers and new targeting possibilities exist. For example, Facebook. It is increasingly being used for general search, rather than just leisurely browsing across friends' updates; its unique access to data about members' interests and behaviours gives it distinct advantages over traditional search engines.

Econsultancy reports lack of internal resource as a frequent barrier to maximising search performance^{xvii}. As a result, many organisations have taken the decision to outsource search programmes to marketing engagement agencies looking after other aspects of marketing for the brand.

6. Build positive social engagement by encouraging participation and sharing

The rise in use of social media applications cannot be ignored. Ofcom reported^{xviii} that use of these applications grew fastest among 35-54's up by eight percentage points since Q1 2008 to 35%. Of those people online in UK, over 50% have a Facebook account^{xix}.

The way consumers now use media has changed – it is no longer just about being an audience but also about participating and sharing. Whilst this poses challenges for organisations (for example, they have less control of brand perceptions) it also offers opportunities for those firms who successfully engage socially.

An understanding of conversations relating to specific products and services can be gained by mining social data. This is often a first step to planning a social programme. It is also important to understand how your customer base





70% of marketers are planning to increase their mobile spend, particularly in the areas of apps, coupons and interactive messaging



Forrester predict mobile marketing spend growth of 37% compound annual growth rate to 2014 – although small in absolute terms, this sets it above all other areas of interactive marketing spend growth.

Mobile advertising rocketed by 32% year-on-year in 2009 to £37.6m, with entertainment, media and telecoms brands propelling growth – the IAB recently reported a significant rise in mobile advertising^{xx}.

Mobile is changing the way social is consumed – a quarter of Facebook users access the application via their phone and are twice as active on social networks as those who use PC access only.

7. Utilise mobile applications to improve customer engagement on the move

The Web world is now multi-browser, multi-platform and multi-device. Research from the US shows that a growing body of consumers now expect retailers to have mobile sites that can be navigated from smartphones, for example to support purchase decisions whilst in-store. UK studies show that marketers are picking up on this; one study^{xxi} found that over 70% of marketers are planning to increase their mobile spend, particularly in the areas of apps, coupons and interactive messaging. Benefits include reduced cost of sale and improved customer service.

Some commentators are predicting that the rise of mobile applications and associated paywall mechanisms will be at the expense of the ‘open’ web as it gives more control to brands.

Conventional computers have become only marginally more powerful in the last two to three years, whereas mobile devices are in the midst of a tenfold increase in their capabilities. Meanwhile, the amount of content that these devices can access through the Web is growing exponentially. Mobile access is now equal to desktop access.

Mobile applications offer new opportunities for brands to link real estate to digital estate – capturing customers on the move and encouraging them into retail outlets. For example, Foursquare allows users to ‘check-in’ at venues. Points are awarded and brands have the opportunity^{xxii} to post promotions accessible to those checking in.

Members can add ‘tips’ and comments on venues which others can read.

As with social applications, it is crucial to understand how your customers and target audience use mobile and which environments predominate. Applications should combine an element of fun/interest, but also have a very clear purpose in customer engagement terms, even if it is just data capture in return for use of an application.

Although uptake of location based social networks (such as Foursquare, Yelp and recently launched in the UK, Facebook Places) is still immature, brands (especially those with a retail presence) should be testing now to find the best ways of connecting their customers with nearby points of sale. Marketers are showing interest in how this category of applications can be utilised as part of their overall on and off-line marketing programme.

Finally, the importance of establishing a sophisticated contact strategy and giving the consumer options about what they wish to receive and how often, is of particular note on mobile platforms, which are seen by many as being the most intimate of digital points of interaction.



To find out more about Callcredit's Digital Marketing Solutions
Email info@callcreditgroup.com Call **0845 60 60 609**
or visit www.callcredit.co.uk

White Paper

About Callcredit Information Group - www.callcredit.co.uk

Callcredit Information Group has a leading edge approach to using consumer information in credit referencing, marketing services, interactive solutions and consultative analytics. This enables our clients to cost-effectively identify, engage and convert more new customers and optimise existing customer revenues.

Callcredit offers intelligent solutions across the customer lifecycle as follows:

- Plan
 - Acquire
 - Verify
 - Manage
 - Collect
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