

Marketing in the 4th dimension

Four keys to personalizing the web experience



Realize the full potential of your website

In many ways, today's web marketers are like blindfolded shopkeepers. They might have a general understanding of their customers' needs, based on site analytics and other data sources, but they do not see what their actual customers are doing across channels. Hence, they miss numerous sales and marketing opportunities—online and off.

Whether your shop is real, virtual, or a combination of the two, the more complete your customer vision, the greater the value you can provide to them and the greater value they will deliver to your bottom line.

For example, you know that many of your customers find your website through a search engine, and in many cases, you know their search terms too. This is valuable information, as it is a clear indication of what your customers are looking for.

More importantly, websites allow you to personalize the experience efficiently. In the physical world, we all walk into the same store. However, on the web, each of us can have our own unique store, with the products we bought before or new products that might interest us now, offered on a virtual silver platter. In fact, the web store can change as we shop, offering cross-sell suggestions, recommendations from other users, and appropriate reviews as we move around.

Through real-time insights based on individual profiles and behaviors, today's online marketers can deliver offers so personally relevant to their customers, their communications no longer sound like a marketing imposition, but feel like a helpful service.

Discover the four key dimensions to personalized web marketing, and learn from the real life successes of enterprises that have made the personalized web a core part of their growth strategies. As you can see, web marketing can achieve comparable success when you make the four personalization steps your own.

1. Observe and learn from current customer activity:

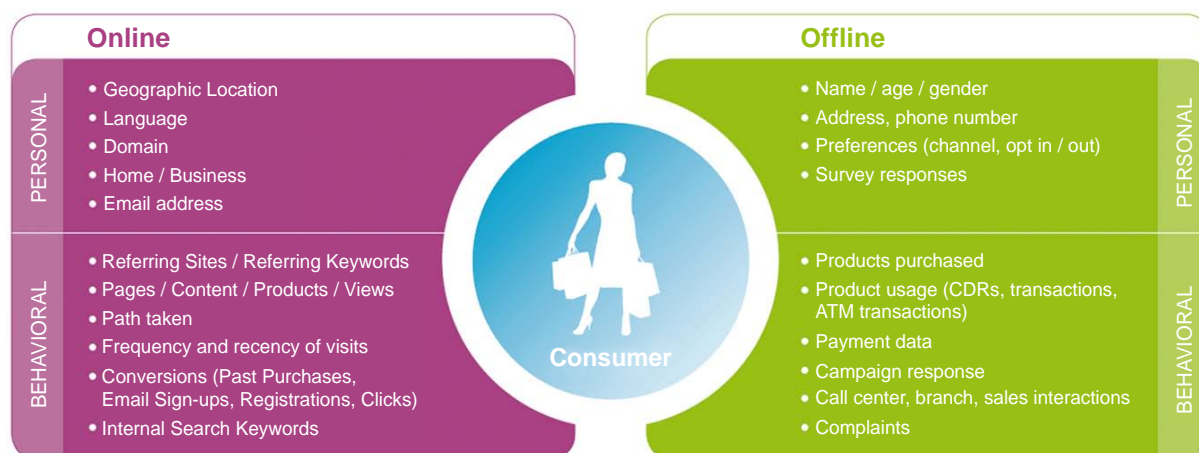
Traditionally, web marketers have based their campaign decisions on retrospective data sets that analyze metrics regarding keywords, search terms, click-throughs, conversions, and more.

While that data is valuable, it leaves out the most important part of the marketing equation—the customer. By putting the customer at the center of analyses, and building data profiles of website visitors based on their current and past behaviors, marketers can discover valuable answers to questions such as:

- Where did this customer come from and what search terms are they looking for?
- What did they look for, buy, or do the last time they visited?
- Which pages attract and hold individual customer interests?
- What offers/messages inspired click-throughs and drill-downs?
- Where did individual customers go and how long did they linger?
- Where did customers abandon their shopping carts?

By asking these and related questions, marketers can gain insights into the most important question of all: What do visitors want right now?

Building a customer profile



Petco's personalized banners fetch new customers at lower costs

Seeking to improve the efficacy of its web banner ads, PETCO partnered with a leading marketing software provider*, to apply the same level of personalization to its banner ads as it had to its email campaigns. By using search terms as triggers, PETCO presented relevant ads that matched what customers were seeking. As a result, coupon redemption rates reached more than twice the previous record high. Every pet segment saw an increase in related product orders; in bird accessories alone, two thirds of its orders came from the personalized ads. Better yet, the cost per order was 64 percent lower than the average cost per order. And more than half of the customers attracted by banner ads were new to PETCO.com.

2. Integrate web and non-web data sources: While understanding your customers' web behavior is important, isolated behavioral targeting is not the goal. Without a deeper understanding of individual customer habits, preferences, and attitudes, isolated web behaviors may unintentionally trigger the wrong offers to the wrong customers.

Consider, for example, the case of a large UK retailer with a vast physical footprint and a growing online presence. Many of its top customers still favor bricks and mortar, but use the website for research and to order items for in-store pickup or delivery to work locations. Unfortunately, the retailer's channels are in silos,

(* PETCO is also using IBM's Coremetrics technology)

failing to share information. Without insight on these customers' in-store spends, the direct channel labels them as occasional buyers based on web behavior and offers them discount promotions online—for the same products they may have paid full price for in the stores.

Instead of building profitable relationships, the retailer is undermining its own progress, and providing incentive for good customers to move their business to a less profitable channel. The lesson is clear—marketers must view customer interactions as a whole, rather than in channel fragments, if they want to realize the greatest customer value.

The intelligent alternative is an integrated, real-time customer profile that includes:

- Behavioral data, such as keywords, search terms, click-throughs, conversions, and click streams, that can be culled from customer engagement with your site, historically, and in real time
- Customer data from traditional marketing data sources
- Cross-channel campaign and response data
- Usage data, such as history, orders, transactions, payment history, and more

By pulling multiple data streams into one customer profile, you can achieve the most complete and accurate understanding of your individual customers.

Large European Bank pulls the data together

One of the largest banks in the Netherlands launched a bold growth strategy that put the internet at the center of all its customer-related activities. To make its website a relevant customer-service platform, the bank integrated customer data across numerous channels. Today, click stream data from the bank's website, reinforced with keyword data and data from referring sites, is connected to the organization's CRM system to draw further information from call centers, branch interactions, and financial transactions. Finally, marketing data, such as demographics and product ownership is blended in, creating a comprehensive, accurate profile of each customer. By applying integrated data to its personalization efforts, the bank has gained, among other advantages, a five percent increase in savings accounts sold by debit cards.

A national research center connects the right kids to the right colleges

At heart, a college admissions research center holds itself accountable to one overarching mission—getting high school students to inquire into schools, the center's clients. With an audience that lives and breathes through electronic media, the organization cannot afford missteps in its web, mobile and email communications. By applying an integrated suite of marketing applications, the center uses a combination of standing rules and real-time observations to match students with schools that fit their interests or that have already expressed interest in them. The value of precise communications is that the research center has gained a five-fold improvement or greater in all key metrics including email activity, opens, clicks and, most importantly, college inquiries.

3. Determine the optimal action: With comprehensive profiles on hand, marketers can reach beyond traditional campaigning to influence the next best action—the intersection of the customer’s most likely interests with the offer most advantageous to the enterprise by:

- By optimizing deep customer insight combining historic and real-time data, you can anticipate current customer interests. Your website can capture what traditional, offline marketing tactics cannot: awareness of what customers are looking for right now.
- Applying sophisticated business rules and models, you can select the most favorable offers. With simple, straightforward rules, marketers can attract the prospective buyers, for example, a discount Blackberry offer to high-value iPhone customers lingering on Blackberry pages. However, with more advanced techniques, including testing and self-learning, you can offer progressively more refined and productive offers.

4. Centralize your decision-making: As web opportunities expand, the last thing marketers want to do is create another isolated channel or silo that competes with other efforts, such as direct mail, email, or outbound advertising. Behavioral targeting solutions can provide much needed real-time data, but if they are disconnected from other channels, they are not fit for customer-centric strategies.

For example, many online retail recommendations rely exclusively on click data to stimulate cross sales. However, they miss the more effective opportunity. In a true customer-centric strategy, the system adds insights from multiple channels into the mix, such as past purchases and buying profiles, to make recommendations much more likely to encourage customer action—and greater customer satisfaction.

A customer-centric strategy requires a platform for centralized decision-making that coordinates efforts across all channels.

Centralization:

- Informs activities in each channel with information drawn from all the others
- Integrates campaigns with consistent messaging
- Empowers offers through mutually reinforcing campaigns. For example, an offer initiated on the web can be supported with a subsequent email, or the call center can be informed with the customer’s response history to recent promotions

Leading European financial services firm achieves 60 percent response rates through centralized marketing

For years, one of Europe’s largest financial service firms relied on high-volume direct marketing to drive sales, producing nearly 60 million pieces of direct mail per annum. But between 2005 and 2007, campaign profitability plummeted by as much as 65 percent. Further, the bank’s dependence on mail was inconsistent with its growing online presence.

Beginning in 2008, the firm launched a comprehensive marketing initiative that integrated databases, organized cross-channel campaigns and, most importantly, centralized decision-making over all departments and channels. Instead of matching lists to offers, the new system addressed customers individually with offers personalized to their interests. The system also distributed communications and resulting feedback, throughout the entire enterprise.

Results? Average response rates have increased across all product groups; savings account offers alone have reached response rates as high as 65 percent. Direct marketing costs have been trimmed by as much as 35 percent. And campaign cycle times, from inception through execution, have dropped from 26 weeks to just four.

With one centralized point of command, various channels no longer compete against each other, but cooperate to provide the most relevant service possible to customers.

Realizing the real value of the web

By integrating real-time web data within a comprehensive, centralized Interactive Marketing platform, marketers can deliver greater value for their customers and for their companies.

For just one of the enterprises represented in this paper, one of the largest banks in Netherlands, the increased cross-sell of savings accounts alone justifies the entire cost of web personalization. By 2012, the bank expects:

- A 20 percent increase in customers who use the institution as their main bank
- Three times more online sales
- Double the sales of complex products, such as mortgages and pensions
- A 40 percent reduction in branch operating costs

In total, the projected yield in the bank's first year of operation due to the increased revenues and reduced call center expenses is 4 million Euros.

The bank made IBM® Unica® Interactive Marketing solutions an integral part of its web personalization success story.

About IBM Unica solutions

IBM Unica products are innovative marketing solutions that turn your passion for marketing into business success. Our comprehensive approach to interactive marketing enables

organizations worldwide to understand their customers and use that understanding to engage buyers in highly relevant, interactive dialogues across digital, social, and traditional marketing channels.

Recognized as a leading integrator of enterprise systems for multiple industries, we help organizations with a wide variety of projects, analyzing real-time information and returning measurable value to stakeholders. In addition, we provide worldwide support for a variety of industry-partner content, services and applications.

For more information

To learn more about IBM Unica solutions, please call 1.866.277.7488 (North America) or +1.781.487.8600 (International) or visit: ibm.com/software/info/unica. Or visit our [Interactive Marketing Resource Center](#) for expert advice to help you move along your path to Interactive Marketing success.

Smarter Commerce: An integrated approach

IBM Unica products are part of the IBM Smarter Commerce initiative. Smarter Commerce is a unique approach that increases the value companies generate for their customers, partners and shareholders in a rapidly changing digital world. To learn more about Smarter Commerce, visit: ibm.com/smarterplanet/commerce.



© Copyright IBM Corporation 2011

IBM Corporation
Software Group
Route 100
Somers, NY 10589

Produced in the United States of America
July 2011
All Rights Reserved

IBM, the IBM logo, ibm.com and Unica are trademarks of International Business Machines Corporation in the United States, other countries or both. If these and other IBM trademarked terms are marked on their first occurrence in this information with a trademark symbol (® or ™), these symbols indicate U.S. registered or common law trademarks owned by IBM at the time this information was published. Such trademarks may also be registered or common law trademarks in other countries. A current list of IBM trademarks is available on the web at “Copyright and trademark information” at ibm.com/legal/copytrade.shtml

Other product, company or service names may be trademarks or service marks of others.



Please Recycle