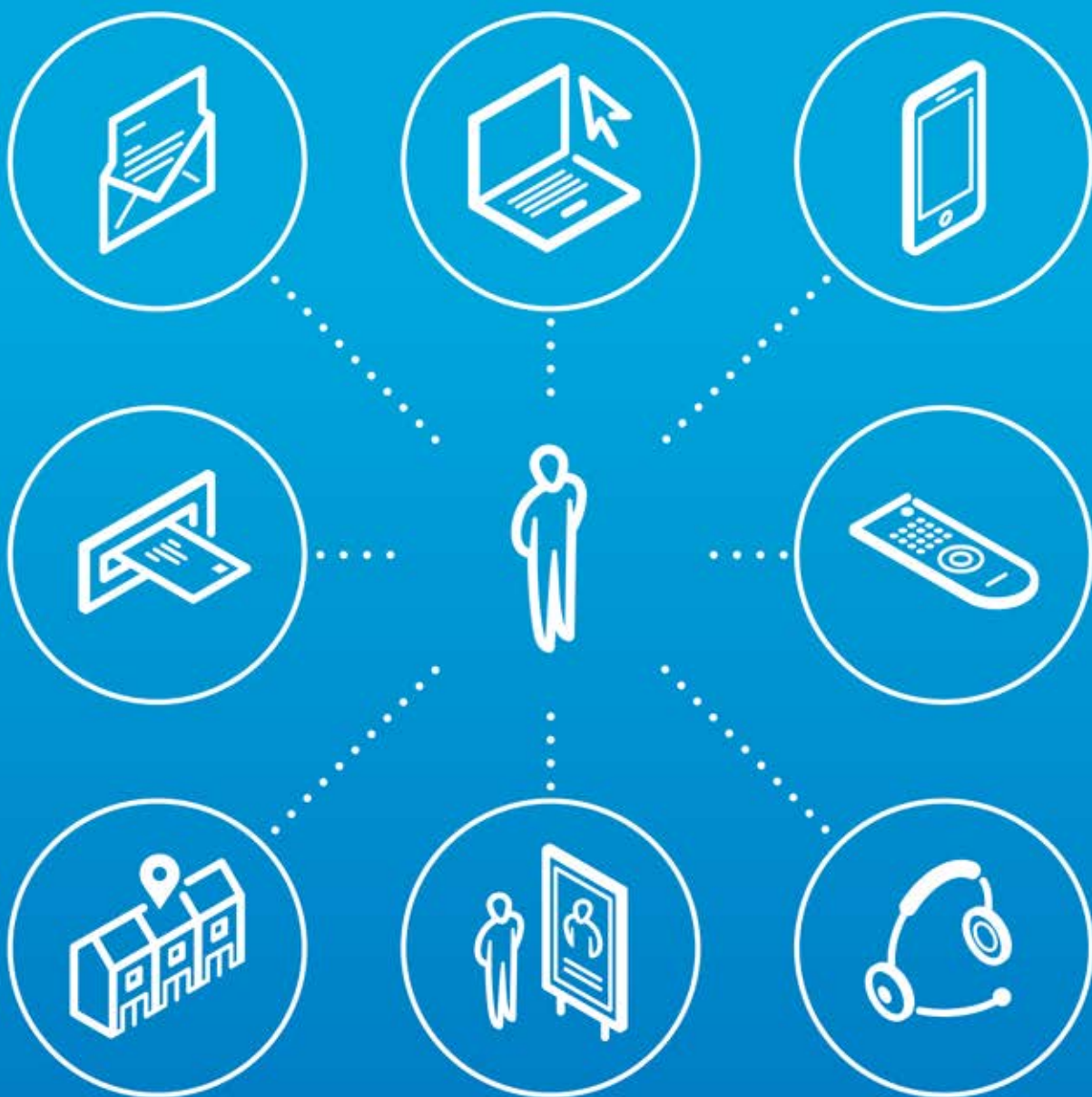# The cross-channel insight imperative

Why today's hyper-connected consumer means having a cross-channel consumer classification is more important than ever.

Experian™
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A changing consumer landscape

Over the last ten years the consumer landscape has changed beyond recognition. In just one decade the Internet has transformed our lives in some quite extraordinary ways. Two things – social media and mobile devices, have largely driven this transformation. Both have enabled us to connect with each other (and with organisations), exchange ideas, buy products and services and share information at any time, in any place and in a multitude of different ways.

The emergence of the 'always on' consumer[1] has probably impacted the way organisations view marketing more than anything else. Not only do you have the possibility of reaching them anywhere, and at any time, but there is now also a wealth of channels through which you can connect.

For marketers however the new channels also present problems. Customers should have the same brand experience no matter which channel they are using. It is therefore less about deciding which channels to use to target specific customers and more about ensuring that no matter which one they choose, the quality of their interaction with your brand is the same. This idea of 'channel convenience' is further complicated by the fact there are now so many devices through which consumers access different channels – each one posing its own particular challenges.

The rise of digital channels has not just affected consumers in terms of how they interact with brands; it has also impacted their expectations for how brands interact with them. A large segment of today's consumers move seamlessly between channels and in some cases may be using more than one at any given time. The level of sophistication has increased and with it their expectations. What has significantly decreased is their tolerance, especially when it comes to poor marketing, siloed communications and anything else that demonstrates that brands either don't care or just don't know what they want.

So the marketer can no longer think, organise their department, plan, execute and measure in fixed channels. They have to think in terms of the customer, or customer segment, rather than the channel.

Did you know?

84% of people would walk away from a company that doesn't listen

74% would respond positively to companies that understand them

52% of consumers would walk away from a company that tried to sell them something they weren't interested in

52% of the Romanian population are internet users

100% Mobile commerce is increasing at the rate of 100% annually in Romania

53% Over 53% participation in social networks in Romania

The evolution continues

One of the most difficult things for marketers is that the digital (r)evolution hasn't stopped or even slowed down. If anything the pace of change is speeding up. In the last two years we have seen mobile devices taking centre stage in our lives as the platform of choice for shopping, consuming all forms of media, engaging on social networks, gaming and even banking.

The evolution is also very apparent when you look at just how comfortable people are moving from one channel to another or utilising different channels to interact with organisations in different ways. Let's take the example of banking. ONS figures released last year show 50% of us now bank online and one in five of us make payments via a mobile device. But, use of customer contact centres remains high and while the number of bank branches in the UK is declining most of us will still use our local branch from time to time to deal with more complex banking needs.

The way each customer will use the different channels will vary considerably and understanding the nuances of this is critical when considering how you communicate with them. In addition to this the bank has a duty to ensure that its interactions with customers are both relevant and fair. Factors like age, location, marital status, propensity to borrow or to save (and ability to do either) become key considerations. These are what you might consider underlying factors. And in the rush to ensure that they are making the most of the mobile and digital revolution organisations need to make sure they are not ignored. In fact they are critical if you want to build strong, long-term relationships with the customers that are most valuable to your business.

New platforms, new opportunities

In addition to the huge changes the digital revolution has brought to the way consumers interact with brands; it has also created a platform for a raft of disruptive new tools and technologies that enable brands to engage with their customers in totally new ways.

Take for example the arrival of AdSmart from Sky. For the first time brands have the ability to decide which viewers get to watch which ads. This convergence of advertising and direct marketing segments means that organisations now have the ability to target viewers based on their location and profile (the platform feeds viewing data back as viewers watch enabling Sky to continually build out and improve their profiling) but it also means smaller businesses who can't afford national campaigns can now roll out less expensive regional or segment based campaigns. It's unsurprising then that brands including Tesco, RBS and Audi[2] have already lent their backing to the new service.

AdSmart is just one of the raft of new tools now arriving in the marketer's toolbox that will make delivering the right message, to the right person, in the right way and at the right time, much easier. However there is one tool in the toolbox on which almost every other depends on, and that is data. Without the insights that data provides into customer lifestyles, preferences and behaviours these technologies are effectively useless. Indeed the data itself is of little value unless you are able to derive insight from it.

The data platform

For many marketers data is now the most valuable resource that they have at their disposal. One of the most significant impacts of the digital revolution has been the sheer volume of data that is now available. Understanding what is valuable, identifying and capturing new streams and trying to figure out how you extract value from the mountain of information we now sit on top of has become a huge area of focus for organisations large and small.

The focus on data capture has for many meant an inevitable increase in the number of databases and CRM systems – many sitting in unconnected silos across the business. Bringing these together to create a Single Customer View (SCV) will enable you to move towards the elusive single source of truth – one view of your customer across the whole organisation (for more on this read our whitepaper From Concept to Reality: Achieving the Single Customer View).[3]

So harnessing your own customer data is a critical step in the road to a truly effective marketing strategy but what about other consumer information? Your data will tell you a lot about how your customers interact with you but not a huge amount beyond that. To be able to really engage with your customers and to be able to build a strategy about how you might engage with them in the future, you need to know more.

Did you know?

2.5 Exabytes of data are created everyday

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90% of the world's data was created in the last two years

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Sources:
– http://hbr.org/2012/10/big-data-the-management-revolution/ar
– http://www.forbes.com/sites/ciocentral/2013/01/15/big-data-get-ready-for-the-2013-big-bang/

[3] http://www.experian.co.uk/assets/marketing-services/white-papers/wp-scv-from-concept-to-reality.pdf

The need for cross-channel consumer classification

Segmenting your customers into different groups in order to be able to communicate with them more effectively is certainly not new. Traditionally this has been done using information gathered at the point of transaction. This told you who they are, what they bought and where they bought it and perhaps some information about where they live. As new channels came into being – mail order, call centres and later online channels, more and more data became available but in many cases this meant multiple customer profiles – one for each channel they use.

So the vast majority of organisations are now interacting with one customer over multiple channels and are usually running separate marketing campaigns on each one. Traditional consumer classification – either campaign based or channel based – means the same customer being profiled in different ways at different times.

With so much data and differing views of consumers flying around within your organisation it's very easy to become highly reactive, only focusing on targeting when someone has done something else. It becomes difficult to see the wood for the trees for example…

- Which of your customers are likely to be high value?
- Do some want different types of products/ offers or services?
- How do you drive effective traffic to your website i.e. the right profile of people who are likely to not only convert but go on to become high value consumers. Your digital and search strategies should be aimed at these.
- How do you then use the same insights to understand the types of offers and products, they may be interested in so you can build out the right messaging?
- Where is there headroom in your current customer base? Where are your true growth opportunities and how do you target them across channels?

You can't answer these types of questions with disjointed segmentations or behavioural triggers. To get a firm understanding, which allows you to plan across channels and change the status quo, you need a classification framework that stays consistent over time and is identifiable at an individual level – individuals are allocated to the same segment if they come to your store, engage on Facebook, register on your website or respond to an email programme.

Cross-channel consumer classification means that the profiles that are created are the same – no matter which channel the customer uses. This foundation means that organisations can better understand their customer base and their behaviours to run effective cross-channel marketing campaigns that are based on who the customer is rather than the channel they are using or the product being promoted. It enables you to take into account the fact that each customer behaves differently, and absorbs information differently, depending on which channel they use, but also to understand if they are more likely to be high value in the long term and the types of products they are likely to be interested in.

We're not saying that organisations need only need one type of segmentation or targeting approach there are specific use cases for many – however a cross-channel classification allows an organisation to plan strategy consistently and measure the impact(as it can be linked to individuals and behaviours).

Classifying consumers effectively

Once you are able to view your customers across all channels they exist on, you then have the platform on which you can start to deepen your understanding of the factors that might influence the way a customer behaves. This goes above and beyond the data that you might hold on your systems. Your data can tell you a huge amount about the way your customer interacts with you but, to be able to create a really effective framework for planning across channels, you need to understand not just how the customer behaves now, but how that behaviour might evolve. That insight doesn't just help with planning marketing campaigns—it also informs the business more widely—from where you might locate branches, to the products or solutions you decide to develop in the future.

This is where tools like Mosaic Romania come into play. Mosaic® is a consumer classification tool that benchmarks the Romanian population on 196 data variables. It incorporates a range of high quality data including the findings from the most recent census, deep-dive demographic information and specially commissioned research. And, most importantly, it is enabled across channels—this means that a classification of consumers which is underpinned by Mosaic is truly cross-channel.

Fusing customer behaviours with Mosaic as the foundation allows organisations to create their own bespoke classifications which can be linked to marketing tools to enable the insight to become more actionable. This makes Mosaic-based classifications extremely relevant to the cross-channel world.

Mosaic is a consumer classification tool that benchmarks the Romanian population on over 190 data variables

Eight critical success factors

So the need for effective cross-channel consumer classification is clear. Not only does it enable you to see your customer in the same way they see themselves but, combined with internal data, it creates a framework for planning your marketing strategy across multiple channels. But how do you ensure that the classification tool you use is going to deliver the benefits you need:

1. Is it customisable?

Most organisations have a wealth of customer data at their disposable and any good cross-channel segmentation tool needs to enable them to take advantage of that data so they can identify the segments that are most valuable and most relevant to them or even create new segments unique to them.

2. Is it dynamic?

The speed with which consumer trends are changing is accelerating and any effective segmentation tool needs to be able to keep up. The key is to maintain a balance between creating a stable baseline to help you identify where the value is and having the flexibility to track customer trends over time.

3. Are the insights it delivers actionable?

Insight is only valuable if you then have the capability to do something with it. There are a wide and growing variety of tools available to enable marketers to deliver relevant content to the right people through the right channel. From automated email trigger tools to targeted online advertising platforms. The ability to integrate segmentation data into marketing tools ensures that the insights you gain are fully actionable.

4. How rich and how accurate is the data it's built on?

As we have noted before any marketing tool is only as effective as the data it is based on. To create really rich, accurate profiles the segmentation needs to be based on as wide a variety of data as possible, from as many different sources as possible.

5. Is the methodology for extracting key insights sound?

With so many different streams of data coming together the methodology used to bring these together to create meaningful insight is critical. This includes the use of interpretive data that enables you to understand what the data is telling you.

6. Are the profiles representative of real customers?

Segmentation is only really valuable if it provides insights in real customers. Once your profiles have been created the ability to test them against real examples is critical. They need to be representative of real customer behaviours rather than theory.

7. Do you have a platform for effective cross-team collaboration?

For many organisations the digital revolution has meant a fragmentation of the marketing team with separate teams handling different channels and different aspects of the marketing mix. Digital marketing execution for example can sit very separately from CRM. For a truly cross-channel marketing strategy to exist and for cross-channel profiling to be most effective there needs to be effective communications and collaboration across these groups and conversely, cross channel classification will actually encourage better collaboration between different marketing functions.

8. Do you have the means to collect and incorporate feedback to ensure continual improvement?

Profiling is the means to an end not the end in itself. To understand how effective it is you need to be able to analyse the impact of the cross-channel campaigns that the profiling enables. This 'feedback loop' is as important a stream of data to consider as any other and will enable you to adjust your profiling as new trends emerge.

Customer reward schemes

Customer reward schemes are an increasingly popular marketing technique for retailers in the UK. Not only do they enable them to reward loyal, high value customers, the data feedback loop they create helps them to more effectively understand those customers. For one such loyalty scheme, analysis of the data also revealed that customers who redeemed the points they had accrued against high value rewards also tended to be the most loyal and most valuable customers.

To try and increase the number of these high value customers the internal marketing team used data from Experian alongside their own internal data to create addressable customer segments built around particular types of high value reward. This enabled them to target these segments consistently across channels – including digital display, TV on demand, SMS, email and direct mail – with information about the high value rewards they were most likely to be interested in based on their lifestyle, behaviour, likes and dislikes.

The result exceeded all expectations. The campaign exceeded its customer redemption target by over 50%.

" The result exceeded all expectations. The campaign exceeded its customer redemption target by over 50%. "

Looking to the future

While effective cross-channel classification is clearly an important tool in the marketing mix today it is going to become even more vital in the months and years to come if current trends are anything to go by.

From a retail viewpoint for example understanding the complex relationships that exist between customer behaviours through different channels is becoming a key goal. Trends like showrooming (looking at products in store and then buying them online – often on a mobile device while still in store) and reverse showrooming (researching online before buying in store – again often while located within the store) are changing the way retailers approach their channels. The ability to deliver information and new deals to the right people, on the right device and at the right time is the critical success factor here. The ability therefore to understand customer behaviours on and offline and predict which groups are most relevant is a big advantage.

In addition to the increasing interdependencies between different channels you also have the growing awareness of the value of marketing attribution – the ability to understand how marketing affects the whole sales cycle and optimise across it. Being able to attach value to each customer touch point and pick out the right path to purchase for high value customers is the next big marketing goal. Being able to benchmark performance against a stable baseline of data rich customer profiles will allow you to more clearly identify where the value lies.

"Being able to benchmark performance against a stable baseline of data rich customer profiles will allow you to more clearly identify where the value lies."

In summary

That the consumer landscape is changing is indisputable. In less than ten years we have seen the creation and rise of digital platforms that have transformed the way we, as consumers, interact with the organisations we do business with. We have become so used to a multi-channel environment that we rarely stop to consider which channel to use – it has become almost instinctive.

This shift in behaviour has had a significant impact on the way we expect organisations that we connect with to deal with us. Not only do we expect them to be just as comfortable with cross-channel interactions as we are but we expect them to understand who we are, what we want and how we expect to be communicated with. And if they don't we move on pretty quickly.

Consistent consumer classification across all channels enables marketers to be truly customer focused, to build an accurate understanding of their customer base and even to begin to understand how customer preferences may change in the future. Not only does this level of insight help drive competitive advantage it also enables you to ensure that you are treating your customers fairly and effectively with intelligent interactions, every time.

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About Geo Strategies and Experian Marketing Services

Geo Strategies and Experian Marketing Services have teamed up to provide best-in-breed data and insight, data quality management, cross-channel marketing technologies and related services to organisations in Romania.

Combining their unique information tools and with an understanding of individuals, markets and economies, our teams of consultants work with organisations across industries to establish and strengthen customer relationships and provide their businesses with competitive advantage.

Our services cover the full spectrum of modern marketing from contact strategies, customer journey, CRM and data strategies, to Mosaic consumer segmentation, Micromarketer area analysis and profiling, to the application of customer analysis and profiling, customer driven insight and targeting, channel mix.

By helping marketers more effectively target and engage their best customers with meaningful communications across both traditional and digital media, our joint team enables organisations to encourage brand advocacy while creating measurable return on marketing investment.

Experian

A world of insight

Geo Strategies

Intelligent interactions.
Every time.