THE ANALYTICAL MARKETER

HOW TO TRANSFORM YOUR MARKETING ORGANIZATION

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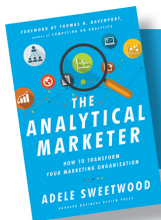
CONTENTS

1

The Customer Decision Journey Has Changed

The way we market has changed. Gone are the days of one-size-fits-all campaigns, massive e-mail blasts, and measurement of direct mail campaigns by their weight. Relying on a "spray-and-pray" approach simply won't work anymore, because customers expect so much more from us as marketers. Customers now expect their interactions with a brand to have greater immediacy and personalization.

That shift has resulted from the emergence of the broad spectrum of channels that customers now use to interact with us, as well as the fact that customers do not distinguish between offline and online: it's all one company and one experience to them. They want us to know as much about them as possible, provide them the right services, and make them the right offer, regardless of what channels they use to interact with us. It's a theme that crosses all sectors and industries as well.

Let's sum up the landscape we marketers face. The complexity of channels, the volume and complexity of the data, and the

sophistication of the customers and their expectations have all shifted. And it's just going to get more complex and more challenging for all of us. We have to get smarter about how we go about our marketing efforts; it's simply not good enough to rely on our gut feelings anymore. We need data to guide our instincts.

Changing customer expectations have forced all marketers to use analytics to understand behavioral trends and better personalize our interactions with customers. "For much of the history of marketing, we didn't really know who was opening the stuff we were sending out," Tom Davenport, the noted analytics expert from Babson College, told me. "But things have changed. We now know how powerful it is to know who is on the other end of our messages and how they are responding to it."

Understanding the Customer Decision Journey

At SAS, we define the term "customer experience" as all of the perceptions and interactions a customer may have with an organization. The experience itself is complicated by a much more convoluted decision or buying journey. By the time customers engage with your company—by visiting your website to download a white paper, for instance—they have traveled through almost 60 percent of their decision journey. That means they have done their homework, networked with their peers, searched through research reports, joined communities, read blog posts, and more. Most of that decision journey now occurs in the digital and social world. This new journey is a complex maze of influences that spans channels and defies consistency. What used to be a very linear relationship has now evolved into something continuous, where people are at various points along the journey. Our customers are now always on, always engaged, and always consuming information.

The challenge we have as marketers is to ensure that we are present and relevant throughout that 60 percent stage (or more) of the

customer's decision journey. That challenge continues to grow, as the number of ways in which a customer can connect with your organization in the digital world literally grows daily. Gone are the days when you could simply wait for customers to walk into your storefront to engage with them. Gone, too, is the simplicity of controlling your interactions with your customers through phone calls and snail-mail communications. In the digital and social world we now live in, we can no longer fully control how or where we can make those connections with customers.

Things are going to speed up. Consider the trend in what people are calling the "Internet of Things," a phrase capturing the fact that just about everything in our lives—from our cars and refrigerators to even our toothbrushes—is now linked together and transmitting data about our habits and decisions. By 2020, estimates indicate that 30 billion devices will be connected to the Internet. Can you imagine how much data will result? Are you prepared to take advantage of it?

Customers now have more choices for who to do business with and how—a trend that some have identified as the other hot buzzword, "omni-channel." The challenge for organizations, then, is to be present in whatever channels the customer expects to find them in. In the technology space, customers are more informed and educated than they have ever been. Their peer groups also influence them, and not just when they are looking for solutions.

But rather than relying on what we marketers might call a "peanut butter" strategy of trying to be everywhere equally, we need to be more strategic and deliberate about our outreach. We must understand customer expectations; data and analytics are central to that effort. Marketers now have the data and analytical tools to understand, predict, shape, and enhance the customer experience in ways previously unimaginable. As Jill Dyché, vice president of SAS best practices, framed it for me, "The analytics and post facto understanding of customer information we are generating and collecting is quite possibly the competitive differentiator of the future."

How Do I Get My Organization to Understand the "Why" *Today*?

As a leader, you'll be challenged to get your team members to let go of the traditional methods, investments, and approaches. How can you help them connect the dots? Take the time to figure out what *your* customers look like in the maze of information flow. Analyze the paths that you know they took, ask questions, and tell the story.

1. Define *your* customers' decision or experience journey—the phases that make sense for your product or services. Don't overengineer it. Keep the definition clear and simple.

2. Identify the location of your customers and prospects in their journey based on their actions—what channels, what outcomes, and so on.

3. Leverage the data and analytics to tell your customer's story, and listen to it.

The message is clear: today and into the future, customers or buyers will be coming in and out of cycles at multiple points throughout the journey. The decision-making process is something that remains in constant motion. The job of a marketer is to be *present* and *relevant* in that journey.

For our marketing organization, like so many others, the shift to more digital marketing and channels was certainly the start of being where our customers needed us to be. But we have evolved from simply adding channels to better understanding the value of those channels, as well as the need to align our messages across them (something we'll explore in detail in chapter 3). That also includes rethinking the balance of our outbound marketing efforts—everything

we do to get our messages out to customers—with our ability to service and handle inbound requests, or engaging with our customers in their journey. If we do a fabulous job of using digital and social channels to drum up interest in our products, for example, but then fail to welcome that prospect appropriately with, say, an effective landing page that contains information relevant to what that person is searching for, then we haven't completed our work.

This process is also continuous. Consider the example of RCI, part of Wyndham Exchange & Rentals and the Wyndham Worldwide family of brands. The company, which pioneered the concept of vacation exchange in 1974 and altered the way millions of time-share owners experience the world, is no stranger to innovation. That's why, about eight years ago, the organization began its own modernization efforts in how it approached marketing, according to Phil Brojan, senior vice president of global marketing for RCI and other Wyndham Exchange brands. "I still remember the meeting that started it all," Brojan said. "I can remember exactly where people were sitting. We had so many people participating in what we knew was going to be a sea change for RCI that some people had to sit on the countertops of the cabinets around the edge of the boardroom. That was the point at which we all made the commitment that we were going to transform; we were going to become a much more data-driven organization. It was all driven by a simple fact: we were a membership organization that simply didn't know enough about our members. We wanted to make sure we had reliable data to understand our customer better and to make better decisions. And we knew that had to change."

That transformation has enabled the company to segment and model customer data and act on it quickly. "We can personalize communications and sales channels like the web and make them more relevant and timely," Brojan said. Data scientists work within the organization and collaborate with data analysts on advanced analytical techniques like optimization and modeling. "We're seeing more

direct attribution of revenue back to campaigns, and we're better able to see what's working and what's not," Brojan added.

The impact of this analytical transformation is enhancing the role of marketing at RCI. Brojan continued, "The insights we glean from the data now help drive overall business strategy. We're providing key indicators of where the revenue opportunities are. This has been huge for marketing at RCI over the past five years, because we're helping set the direction for the company and helping other organizational areas."

Brojan said that analytical marketing organizations like RCI and SAS need to become more predictive in order to anticipate what consumers want before even they know—to recommend and predict more than react. "It's about continuing to personalize the customer experience," he said. "Everyone's come a long way on focusing on the customer experience, yet there is still work to be done. The effort to personalize is never complete."

Rethinking Customer Connection Points

When making their decisions to purchase or repurchase, customers now have much information to work with. They can do their research using different devices and web search tools, or even by tapping into their online and offline social networks. Customers are increasingly relying on comments and ratings to help influence their decisions, which means that, as marketers, you need to stay on top of that information as well. Someone complaining about your products or services can potentially damage your business.

Social channels have a massive influence on the customer's decision journey. But as a marketer, you can't control those channels per se. What you can do is be engaged, present, and relevant in them in a way that builds the trust of your customers and prospects. "Our challenge is to see the customer as a single individual with a rich set

of behaviors and preferences," Dyché told me, "while also enabling them to see us via a unified approach and differentiated messaging."

Or, as Jennifer Chase, a senior marketing director at SAS, put it: "For the marketers of the past, the campaign was at the center of everything we did. Now, everything is centered around the customer."

As figure 1-1 shows, we need to employ the power of analytics to understand where a customer is in the decision journey. "If you don't understand where the customer is in their decision journey, you can really be off target with your messaging," said Matthew Fulk, director of marketing sciences and analytics at SAS. With so many channels available to engage with your customers, using e-mail effectively has also never been more important. "A lot has been written about understanding your customer behavior," Fulk explained. "But understanding where your customer is in their decision journey provides the context you need to move your e-mail marketing from blast to conversation."

Fulk pointed to the unfortunate example of a large business-to-consumer (B2C) retail prospect who had come to us for information about our customer intelligence (CI) software. In fact, two different contacts from the same company were looking at similar information. But, because we hadn't yet realigned our organization for a more unified view of that customer, we ended up sending approximately thirty e-mails (company-wide) combined during a ninety-day period, none of which had anything to do with CI solutions. Rather, we sent information on Big Data solutions and upcoming user-group meetings for some of our other product offerings. Worse, many of these e-mails came after the prospect had already informed us that he had decided on a competitor's solution instead. Not surprisingly, no one opened or acted on any of the e-mails we sent. They likely ended up in a spam folder.

What we had failed to recognize was that this particular customer was in his "decide" phase, meaning he was ready to choose a vendor to work with. Yet we were treating the customer as if he was still unsure about what he needed. "We could have been sending them

FIGURE 1-1

The SAS customer journey
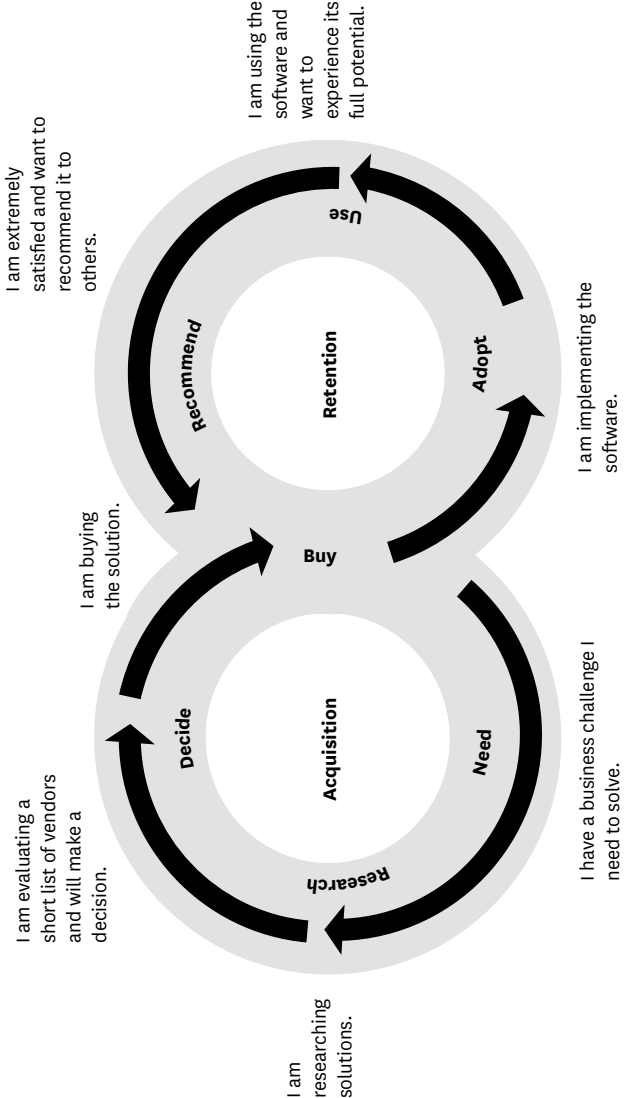
customer success stories and product information tailored to their needs, rather than sending them information on other products they had no use for," Fulk told me.

That example shows why an internal transformation is so necessary. We as an organization can't afford to fall off our customers' radar. Worse, we cannot send the wrong message or strike up a conversation with them on a subject they simply don't have any interest in.

While technology helped us see where the customer was in his journey, we had to also realign our strategy away from product- and solution-based views of the world. In other words, we needed to stop talking about our products and solutions in every channel to every possible person by using much more targeted messaging. But taking that approach also meant that we needed to reorganize so we could govern our engagement strategies and align our channel strategies. The good news is that the tools exist to help tailor messages to the different stages of the decision journey, as long as the organization is structured to best take advantage of them, while also adjusting to the increasing speed of business and the changing needs of customers.

The point is that all this stuff happening in the digital world is affecting the customer's decision journey. We've begun to visualize our customer's decision journey with SAS on the acquisition side and our customer's engagement journey with SAS on the retention side, as shown in figure 1-1. It is an "always on" concept, an infinity loop in which we are all either buying or not buying, with that decision always present as a consideration. Understanding and designing to the phases in your customers' journey, while they are making their way through, will improve their experience with you and positively affect the outcome.

We need to embrace the latest data and tools to ensure we are able to leverage all of the insights and information our customers are providing us along the way. Yes, things are changing fast. But that doesn't change the fact that our customers expect us to change as

well, regardless of the industry we are operating in. Even buyers at business-to-business companies are shopping on consumer sites like Amazon and Zappos. That means they see the possibilities and want the same kinds of experiences, whether they are at home or at work.

Analyzing Customer Behavior

As marketers, we need to escape the rigors of list tables and pivot tables. Rather, we need to embrace the data and tools that enable us to see the logical steps a contact followed as she converted into a sales opportunity. By using analytics to examine behavioral data, we can begin to answer such questions as:

1. Did the contact have multiple touch points with marketing before a sale opened or closed?

2. Are there outliers that help us understand how well marketing efforts identified, targeted, and/or nurtured a contact along her journey?

3. Which marketing interactions are most popular in:

   – Helping close a sales opportunity?

   – Creating brand awareness?

   – Generating leads?

4. When analyzing lost sales opportunities, how can we learn which paths ultimately do not benefit our customers or contacts to the point that they lose interest and potentially jump to the competition?

5. Do certain channels relate better for the customer experience and enable quicker movement along the journey?

For SAS, personalization is critical in both the acquisition (demand-generation side of things) and the customer-retention efforts. The level of noise in the technology market space means that we need to be certain our messages and offers align to the behavior of the customer, not just randomly. Behavioral data both online and offline is the differentiator, especially when we can combine it with preference or historical data.

We ask our customers and prospects to give us data about themselves (what they want to tell us) and how they prefer we interact with them. We promise to use it effectively when interacting with them. Sophisticated personalization should replace the concept of special programs (i.e., loyalty cards) that someone has to choose to join. Customers already experience a level of personalization across sites, as when the shoes I just looked at on Zappos happen to show up in an ad on my Facebook page—an example of retargeting.

Marketing Analytics at Work

Moving from Blasts to Conversations

One of the easiest things marketers can do is, when in doubt, send an e-mail blast to get their message out. The approach is predicated on a "strength in numbers" mentality. If you send out enough messages, somebody, somewhere, will receive it and take the desired action.

While blast messages are still used, their value is waning. Why? You are competing for attention with your e-mails, website, advertisements, collateral, events, and any other initiative. People are using their phones, computers, tablets, and TVs to consume information. Now, more than ever, it's harder to reach, much less sway, a customer.

The Challenge

By 2010, SAS marketing efforts included a blend of blasts and more personalized e-mails. The marketing team's goal was to find the right mix of messages and communications methods that would anticipate customers' needs and turn e-mails into a conversation with them on their journey.

The advent of a new customer-journey approach at SAS gave us an opportunity to rethink the e-mail strategy and see what approaches worked best at different phases of the journey. The marketing team looked at historical data on the performance of assets at different phases of the cycle and asked some questions. For example, where along the path is thought leadership more effective than something product specific? And, where is third-party-created content more compelling than content created internally?

The Approach

The marketing team members began assembling data on the customer journey and behavior across each phase. They found examples of customers receiving messages that were out of sync with their actual buying stage.

For instance, a contact would receive messages designed for the early stages of a journey even after the deal was won (or lost). If the contact registered for an asset in one subject area (such as analytics), he would get e-mails about that subject area even if they were associated with a deal for a different solution (such as customer intelligence). Not surprisingly, the contact rarely opened these e-mails.

Marketing analysts also evaluated and identified content gaps across the customer journey. Looking at the totality of interactions,

it was clear that building a conversation with the customer would require an overhaul of the e-mail marketing strategy. Here are some key takeaways from the analysis:

- *Scoring* allowed the team to assign a value to all actions, not just registrations. Each interaction with SAS (including web page views, e-mail clicks, and other behaviors) was tracked and added to the score. With more pervasive—and more realistic—scoring of these behaviors, the team could further analyze the relative value of different messages and offers.

- *Segmentation* identified the stage of the customer journey. Once the scoring was complete and applied to contacts, the next phase used the scoring to follow a business rule that identi-fied where the customer was in her journey and what mes-sage to send.

- *Automation* provided the foundation for faster, analytics-driven communications. With segments in place, the team created targeted and relevant e-mail communications to provide the right message at the right stage of the customer journey. As the customer progressed through the journey, she got dif-ferent messages.

- *Analytics* delivered the right business strategy based on the desired outcome. Here, marketing analysts could evaluate how the entire marketing mix was working to move custom-ers through different stages. If customers stalled at a certain point, the analytics could help determine why and trigger an adaptation.

The Results

After this analysis, the team created and refined e-mail campaigns to fit the stages of the customer journey. The content needed for the phases include:

- *Need.* High-level messaging, including industry-specific content and thought leadership strategies (articles, blog posts). Content at this phase explains the problem and provides a path forward.

- *Research.* Content that validates the customer's need to solve the problem. Material here focuses on specific business issues and includes third-party resources (analyst reviews, research reports, etc.).

- *Decide.* Deeper content that provides more product-specific information. This material validates the proposed solution through customer success stories, research reports, product fact sheets, and so on.

- *Adopt.* Onboard and self-service content. This stage focuses on introducing customers to support resources and online communities as well as do-it-yourself material that introduces the customer to the solution.

- *Use.* Adoption content, such as advanced educational information, user conferences, and product-specific webinars. At this stage, users mature with their use of technology and turn to more technical resources to expand their knowledge.

- *Recommend.* Content specific to extending the relationship with the customer. This includes speaking opportunities, focus

group participation, and sales references as well as involvement in cross-market and upmarket opportunities.

When customers reach the buy phase, interactions occur primarily between sales and the customer. As a result, customers are typically excluded from e-mail communications.

Eventually, our entire online experience, regardless of site, will be personalized as a way to best engage our customers and prospects and to help ensure we are communicating with them in a way that they prefer. How do we do this? By using customer experience analytics to track, analyze, and then take action when appropriate based on behavior, instead of simply when we want to promote something. In other words, we have adopted an analytical mind-set, which is what we'll discuss in the next chapter.

APPLYING THESE IDEAS TO YOUR ORGANIZATION

How Does Your Organization Interact with Your Customers along Their Decision Journey?

This exercise can reveal how central your customers are to your marketing efforts. You may find, for instance, that your campaigns are the primary focus of your marketing efforts and resources, even though your customers may have shifted their attention elsewhere.

Answer the questions on your own, have your team do the same, and then compare the results. Encourage everyone to be honest and bold; you'll be rewarded as a result.

✓ Do you know where (what channels, offers, etc.) your customers most often interact with your brand?

✓ Are those brand interactions consistent? Do you know when they change?

✓ What data about your prospects, customers, channels, and so on do you collect directly *and* indirectly?

✓ How do you analyze the outcomes—broadly at the summary level, by specific channel or campaign, or others?

✓ Do you monitor and test the relevance of the interactions, such as content performance, lead quality, or A/B testing?

✓ Have you explored new opportunities in the digital marketing world to connect with your customers and prospects?

✓ How well are you able to personalize your messages to your customers during their decision journey? Can you identify where your customers are in the journey, for example, in research or buy phases?

✓ What kind of loyalty and retention strategy does your organization have for existing customers? What is the balance of fixed interactions or programs like newsletters with more organic engagement strategies or social strategies, such as communities?
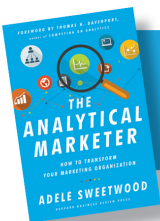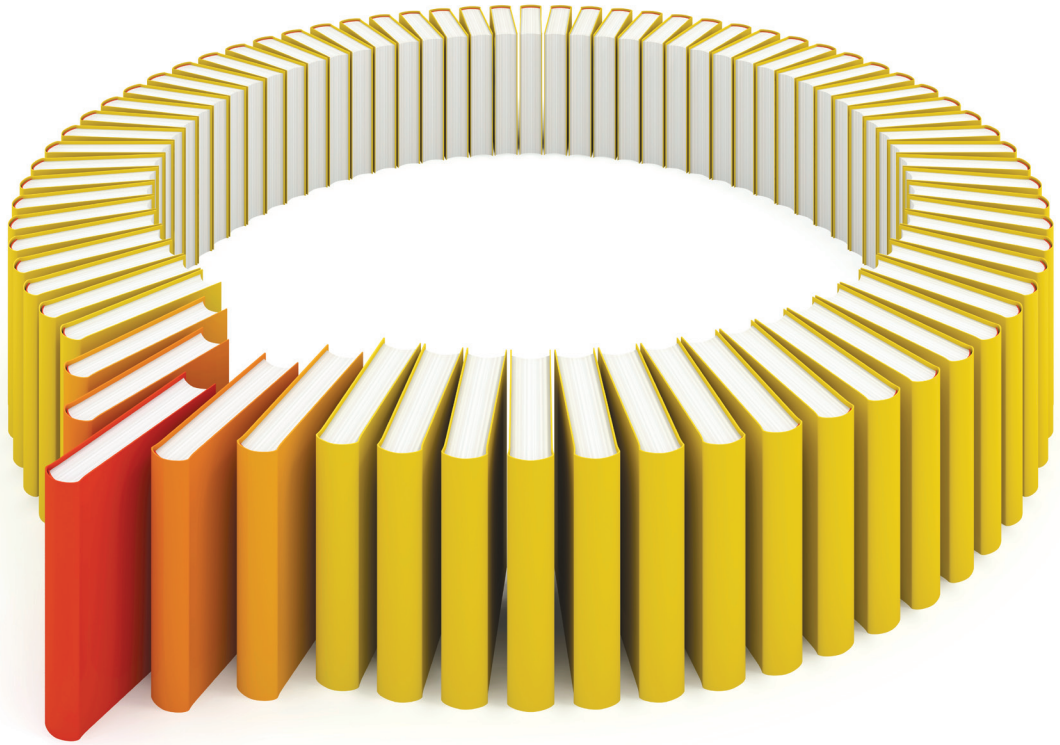
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