



What's Next in Customer Engagement?

Closing the Gap Between Expectations and Experience



**Get the right
marketing
technologies for
your current
and long-term
marketing needs**



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Cisco predicts the number of connected devices worldwide will rise from 15 billion in 2016 to 50 billion by 2020; Intel forecasts even more growth – to 200 billion devices by 2020.

By Cindy Waxer

Today's consumers are more powerful than ever. Armed with smartphones, tablets, and wearable devices, they're able to research products, order new services, and compare prices anywhere, anytime.

In fact, U.S. consumers bought nearly \$75 billion worth of goods and services using their mobile devices in 2015 — up 32.2% from the previous year, according to eMarketer.



The proliferation of channels and explosion of data have emerged to disrupt important aspects of marketing”

– Dale Renner, RedPoint Global

As trends such as mobile usage and the Internet of Things (IoT) continue to gain traction, consumer expectations continue to ascend, raising the bar for most businesses. No longer can brands afford to linger on how to execute a campaign. Rather, today's customers expect to be engaged wherever they are with real-time and relevant responses.

“The proliferation of channels and explosion of data, combined with new consumer-driven business models, have emerged to disrupt important aspects of marketing at big and small companies alike,” says Dale Renner, CEO of RedPoint Global.

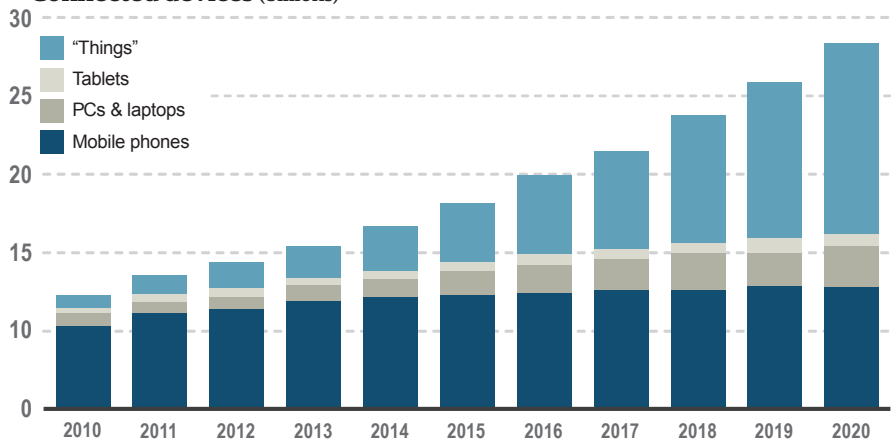
The good news is customer access to digital channels and devices has made it easier than ever for marketers to reach valuable consumers. Indeed, consumers are becoming increasingly willing to hand over personal information about their buying behavior and shopping

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The number of everyday objects, or “things,” connecting to the Internet will exceed PCs and smartphones

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Source: The Internet of Things, MIT Technology Review, Business Report

Yet many marketers are struggling to intelligently orchestrate contextually relevant and individualized interactions with consumers in a way that's congruent with their brand and overall customer expectations. The result: at any one moment in the customer journey, most companies are either under- or over-delivering against consumer expectations leading to lost revenue opportunities and customer fatigue. And that's created a significant *customer engagement gap* — where brands are unable to keep up with rising consumer adoption of new technologies and rising expectations.

“Marketing success is about engaging your customers where they want to be engaged, providing a dialogue,

Like the neighborhood bartender who knows exactly what drink you'll order before you even sit down, the right technology solutions can enable marketers to make better use of their data by creating rich, robust, and actionable 360-degree profiles for every customer and prospect. Customer data platforms, analytics, machine learning, and triggered messages are high-tech tools for creating a unified customer view and enabling brands to engage in a timely and appropriate manner for significant marketing performance improvement.

Read this eBook to learn how to close the gap — in order to eliminate the distance between your organization and your digitally empowered customers.



Understanding the new customer dynamics created by the digital and IoT era

Consumers are now using digital devices to support nearly every aspect of their modern lifestyles. From ordering pizza to booking a cab, they have moved way beyond email, e-commerce, social media, and personal messaging into today's 24-hour, on-demand economy.

Research firm eMarketer predicts 2 billion consumers will own smartphones by the end of 2016, and more than 50% of mobile phone users globally will have smartphones. Vast numbers of customers now expect to be able to purchase almost anything, anytime, and anywhere while receiving real-time, targeted services and messaging — a trend that will only increase.

Long gone are the days when sales and marketing teams controlled brand campaigns with a cadence measured in weeks or months. These days, consumers are calling the shots with a real-time cadence and with far-reaching implications for marketers.

“When consumers are getting ready to make a



“When consumers are getting ready to make a purchase, they’re going in a lot more prepared”

— Paul Spiegler, Merkle

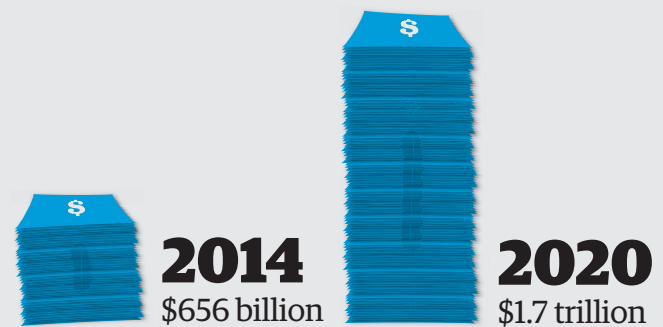
purchase, they’re going in a lot more prepared,” says Paul Spiegler, senior director of marketing strategy for performance marketing agency Merkle. “Whether they’re visiting their doctor or buying a new, big-screen TV, they have information right at their fingertips, which completely changes the game from a marketing perspective.”

Another factor reshaping consumer expectations is the Internet of Things. In this world of “connected everything,” homes can be monitored remotely from an office cubicle, television shows can be scheduled to record from a remote location, and heart rates can be measured with a wearable device — miles away from the nearest doctor’s office. Gartner forecasts that by 2020 there will be about a quarter of a billion connected vehicles on the road.

No wonder research firm IDC estimates that the worldwide market for IoT solutions will increase from \$1.9 trillion in 2013 to a whopping \$7.1 trillion in 2020.



20% of vehicles worldwide will have wireless network connectivity by 2020, according to Gartner



Global spending on IoT devices and services will increase from \$656 billion in 2014 to \$1.7 trillion in 2020, according to IDC

This new hyper-connected world is changing customer expectations — and altering the playing field for marketers — by elevating the quality of experiences marketers and brands are expected to deliver.

Just ask John Nash, business & technology strategist at RedPoint Global. “Consumers are now getting used to seamlessly integrating mobile and smart devices into their lives,” he acknowledges. “In turn, they expect that companies have seamlessly integrated all of their channels together so that they have a unified view of their customers.”

For marketers, the stakes are extremely high. While the IoT affords the marketer the ability to capture even more customer data, those same customers will also have escalating expectations, as control of the world they inhabit is possible anywhere and anytime from smart devices.

“The need to support real-time decisioning and the emergence of the IoT has made traditional marketing products obsolete because they cannot scale and do not offer the flexibility and power to support the next generation of marketing needs,” Renner says.

Failing to meet consumers' high expectations can easily lead to a poor customer experience — a misstep that carries with it enormous costs and risks. For instance, a modest increase in customer experience at a typical \$1 billion company can produce an additional \$272 million to \$462 million in revenue over three years, according to a Temkin Group report focused on the ROI of customer experience.

However, research from a separate report found that, in the year following customers having a poor experience, brands can expect to lose 65% of the previous revenue from those customers.

What's more, 64% of those customers will stop recommending a brand, leave the website — either abandoning their shopping cart or going to a competitor's site — or give negative reviews.

Top three reasons most companies are over- or under-delivering against customer expectations
So what are the key contributing factors to today's widening gap between consumer expectations and experience? The landscape can be broken down into three main components:

1. Complexity

For years, the customer journey was a linear, single-channel experience. But the widespread proliferation of devices, channels, and data has created an extraordinarily complex consumer environment. These days, consumers leap from a brick-and-mortar store to an e-commerce website without a moment's notice, often preventing marketers from creating an accurate snapshot of their purchasing pathway.

What was the real impact of a particular digital coupon on mobile consumers? What bearing did a recent banner ad have on an individual's purchase decision,

which may have been completed either in-store or on the web? As consumers flit from one channel to the next, it's getting harder and harder for marketers to connect the dots — and respond with any precision — regarding customer behavior, context, and expectations.

“The key to effective B2C marketing is the ability to create a ‘golden record’ about a person and persist that record over the life of the relationship,” says Renner. “In addition, B2C companies use — on average — five channels for communicating with their customers and with the emergence of the Internet of Things, the exploding number of touchpoints per person is further complicating the marketer's life.”

2. Speed

With cellphones serving as powerful research and price comparison devices, consumers are now able to make rapid-fire decisions about the products they want — and don't want — to purchase.

As a result, the windows that marketers have to deliver relevant and compelling messages are getting smaller and smaller. Today, messages need to be real time, as well as proactive and delivered in the right context, to truly engage customers and drive revenue.

3. Pace of change

Businesses need to adapt, at an increasing rate, to changes in consumer preferences, changes in data sources, and changes in communication channels. Unfortunately, many traditional marketing departments lack the agility needed to accommodate fluctuations in consumer markets and expectations.

For example, a longtime direct mail customer may suddenly decide he or she prefers to receive digital coupons on their mobile phone. Marketers that aren't equipped to detect this change in their data, and tweak their marketing efforts accordingly, are at risk of being left behind.

Consumers expect more from their mobile shopping experience

47%
can't wait to receive
real-time promotions

42%
want the ability to
credit coupons and
discounts automatically

37%
want to order
out-of-stock goods
via their smartphones

37%
can't wait to use a
shopping list, in-store
item locator or navigator

Source: Accenture November 2015

Three essential capabilities for closing the gap

The best way to eliminate the gap between expectations and experience is through a set of capabilities that meets the emerging market trends, and that enables businesses to optimize customer engagement. To meet customers where they are, marketers need clear and deep understanding — a unified view of individual's preferences, behaviors, history, and attitudes — along with the ability to intelligently orchestrate customer engagement in a way that is aligned with that understanding.

“You want to interact with customers in a way that takes into account all their actions across all channels,” advises David Raab, a marketing technology consultant and principal at Raab Associates. “You want to be able to make the right decisions, taking into account all the information about them and everything they’ve done. You also want to execute those decisions consistently from one channel to the next so that the customer realizes that you know who they are and that you’re going to treat them the right way.”

To accomplish this feat, brands require three essential capabilities:

1. Customer data platform

A customer data platform is the cornerstone of any successful marketing effort. That's because this powerful technology combines data and insights in ways they can be actioned so that brands can engage customers and prospects in a continuous dialogue on their terms, through their preferred channels, using contextually relevant messaging. This is the foundation necessary to form a deep understanding of your customers, an understanding that is, in turn, critical to align and shape moments of engagement.

A customer data platform works by capturing data in a variety of forms, as soon as possible. From there, a brand can enhance and connect each data point to a “golden record” that is immediately accessible to drive analytics and actions using the highest data quality and precision possible. This golden record provides a unified and progressively enhanceable 360-degree view of the customer for true one-to-one marketing.

“A customer data platform gives marketers a way to assemble all of the customer data from all the different sources and to use it across all the different marketing channels,” says Raab. “Without a customer data platform, marketers would not be able to assemble all that data and they would have to rely on an IT department

or possibly an external vendor, both of which tend to be slow moving and expensive without really giving marketers everything they need.”

In fact, the right customer data platform should not only collect and process standard, structured data but it should also be able to effectively handle big data, (for example unstructured data, streaming data, IoT data, and other data at scale) and work with a wide variety of database types.

2. Analytics

It's not enough to simply gather and parse data. Personalization at scale requires a robust set of analytics that turns the data into insights. These insights are what bring intelligence to customer engagement, enabling marketers to engage with individual customers instead of broad-brushed segments or personas.

“Raw data itself is not very actionable, but if you can apply analytics to that data, you can begin to segment your customers at a granular level, position your products, and make important decisions on what's the right message, at the right time, on the right channel,” explains Nash.

For instance, brands can leverage in-flight analytics to improve real-time decisions or apply advanced analytics such as machine learning to segment, target,

“Technology has moved in the direction where it can grab data from all kinds of devices and ensure information is delivered to the right person in the right moment”



— Carol Wolicki, RedPoint Global

position, and deliver messages. Both approaches deliver automation to customer engagement in ways that enable much more individualized interactions, both in terms of contextual relevancy and in a cadence that is more tightly aligned with real-time customer needs.

That's a seismic shift from the days when marketers had to program iterative types of customer engagements, through offline combinations of direct mail, email and text messages. “Technology has since moved in the di-

rection where it can grab data from all kinds of devices, pull the data together, match it, dedupe it, and ensure that the information, based on what we know about an individual, is delivered to the right person in the right moment,” says Wolicki.

3. Intelligent orchestration

Once data has been collected and parsed in a way to drive insights, the next step is for marketers to optimize the orchestration of customer-oriented decisions, next best actions, and messages across channels and devices. Brands must also position relevant actions at various phases of the customer journey in a way that is customer-centric, but designed to be congruent with the brand.

“Marketers have to know where consumers are and where they’re looking for information,” says Spiegler. “It’s one thing to say, ‘I have to give them real-time information.’ The question is how are you going to get that to them? How do you know where they are? You have to be really smart about understanding their journey and be able to map that appropriately so that you can be in the right place, at the right time, with the right message.” That is the essence of contextual marketing.

Understanding what a customer wants from a transaction, what their buying preferences are, what their purchasing history includes, and what their value is to the brand can help ensure marketers create contextually relevant messages and offers. By doing so, Nash says “marketers can take their brand and enforce it in a very precise way through both inbound and outbound channels.”

Three simple steps to move your customer engagement agenda forward

Brands don’t require a hodgepodge of sophisticated technology tools or complex processes to advance their customer engagement agenda. Rather, these three simple steps can help get the ball rolling:

1. Put the customer first

Think beyond your existing data and interaction silos and deploy new innovations that re-center you on your customer.

Corporate mergers, legacy IT systems, data fragmented by channel or business function — they can all lead to scattered silos of data. Without the proper integration, brands risk having multiple profiles of single customers, not to mention outdated and inaccurate information.

However, by integrating all their sources of data, matching and linking this data, brands can begin the process of resolving identities and creating unified customer profiles. For example, hospitality provider Xanterra Parks & Resorts consolidated data from all of its properties and systems to build rich, reliable 360-degree profiles for its customers and prospects. The decision to use a customer data platform to integrate over 100 data sources and then identify key customer segments contributed to nearly triple-digit performance improvements in many of Xanterra’s marketing campaigns.

Working with RedPoint Global, Xanterra Parks & Resorts consolidated data from all of its systems and properties — including Furnace Creek Inn in Death Valley National Park — building rich, reliable 360-degree profiles for virtually every customer and prospect.



In many organizations, it's not uncommon for a brand's email marketing team to have a completely different technology than its call center, retail operations, or e-commerce groups. The customer decisions and interactions may be further splintered by brand, product line, or geography.

"Despite the fact that we have more and more data about consumers, there's this proliferation of channels, devices, and business units that's made the whole ecosystem much more complex," says Nash. "Very few companies have been able to truly get a single unified view of customers, and effectively orchestrate actions from that view."

Public broadcaster WGBH is one organization that successfully moved beyond silos by implementing a cus-



"Brands need to accurately understand their customer base and orchestrate every interaction"

— John Nash, RedPoint Global

tomarketing platform. As a result, the Boston-based media company was able to link 2 million records across multiple internal systems including its CRM system, financial systems, and existing marketing program, while at the same time solving its data duplication problems.

2. Align with IT

Sales and marketing aren't the only teams that need to play nice. With technology playing an ever-greater role in reaching customers, it's critical that marketers work closely with IT team members to implement and maintain the best technology solutions for the brand. Says Spiegler: "These days, there's definitely more interaction with IT because you need the right technology in place to respond to customers." All of which is creating the need for more marketing technologists.

3. Find the right technology partners

Integrating customer data, building a customer data platform, orchestrating customer engagement — these are all complex and foundational activities requiring unique expertise. Teaming up with the right technology

partner can have a significant impact on a brand's ability to engage customers.

The good news is many marketers are participating in the vendor selection process, especially as "marketers gain greater influence over the technology spend as they lead their businesses in growing revenue and driving new innovations in customer engagement," says Nash.

Delivering precise, personalized customer engagement at every point in the customer journey

Closing the customer engagement gap requires a fundamental approach to precisely understand individual customers, and then precisely align customer interactions with that understanding. This can be done in a way that drives lifetime revenue across the customer lifecycle — from acquisition, to expansion and retention — with fewer customer touches along the way. By deploying the right innovative technology, this can be done in a way that simultaneously drives revenue higher while driving costs down.

"Marketing realizes the need for agility, the need to be able to change its business quickly and to do it at scale because you don't want to run into barriers when growing your business," says Nash. "Brands need to accurately understand their customer base and precisely orchestrate every interaction."

Closing the customer engagement gap may be closer than you realize by putting the customer first, aligning with IT, and selecting the right technology. By doing so, marketers can build a highly scalable and adaptive technology environment that actually increases marketing ROI even as customers, business models, and technology change over time. ■



The emerging toolkit needed to close the gap between customer engagement and experience

To meet the expectations of today's customers, marketing organizations must learn how to maximize the value of their customer data. Integrating the fragmented data created by channel-specific technologies (email tools, e-commerce engines, audience platforms, social media tools, and more) is the first step in creating the foundation marketers need to gain insights about their customers and to drive personalized actions.

Partnering with IT to select the right customer data platforms and orchestration technologies will enable marketers to effectively bridge the gap between customer expectations and customer experience.



Smart technology

Predictive analytics, machine learning, neural networks, learning algorithms, and optimization



Data

Customer data, big data, first-, second-, and third-party data, IoT, unified customer profiles, data hygiene, and data quality



Marketing technology infrastructure

Customer data platforms, in-line analytics, customer engagement orchestration software, and cloud and on-premise architectures



Orchestrated interactions

Business rules, triggers, programmatic data flows, inbound and outbound actions, building automated customer journeys, and creating journey groups