



Marketing Compendium

Retail Marketing & Consumer Insight 2015



Marketing Compendium

Personalise retail – place customers at the heart of marketing

Now is the time to take control of the modern retail marketing landscape and realise the wealth of opportunities that it brings.

This edited selection of Experian thought leadership pieces walks you through some of the critical stock taking and planning stages you need to achieve intelligent and personalised retail interactions – every time.

- How smart is your marketing?
- Challenges and priorities for senior marketers
- Personalised interactions for loyalty
- Six elements of customer profiling
- The psychology of marketing
- Retail marketing – where next?

A profusion of channels, hyper-empowered consumers and demands for personalised, always relevant interactions might seem daunting, but it offers the ability to know your customers better than ever before and deliver personalised engagement.

Capturing relevance allows us to place customers at the heart of strategies – to make retail marketing more effective, maximise efficiencies and drive increasing returns on investment.

Effective retailers will be well aware of the need for careful stock taking and detailed planning if they are to go to market with flawless front-of-house delivery. It is just these processes that bring the ability to know customers across channels and devices, understand their motivations and engage in 1-2-1 conversations that move them to action.

Intelligent interactions.
Every time.

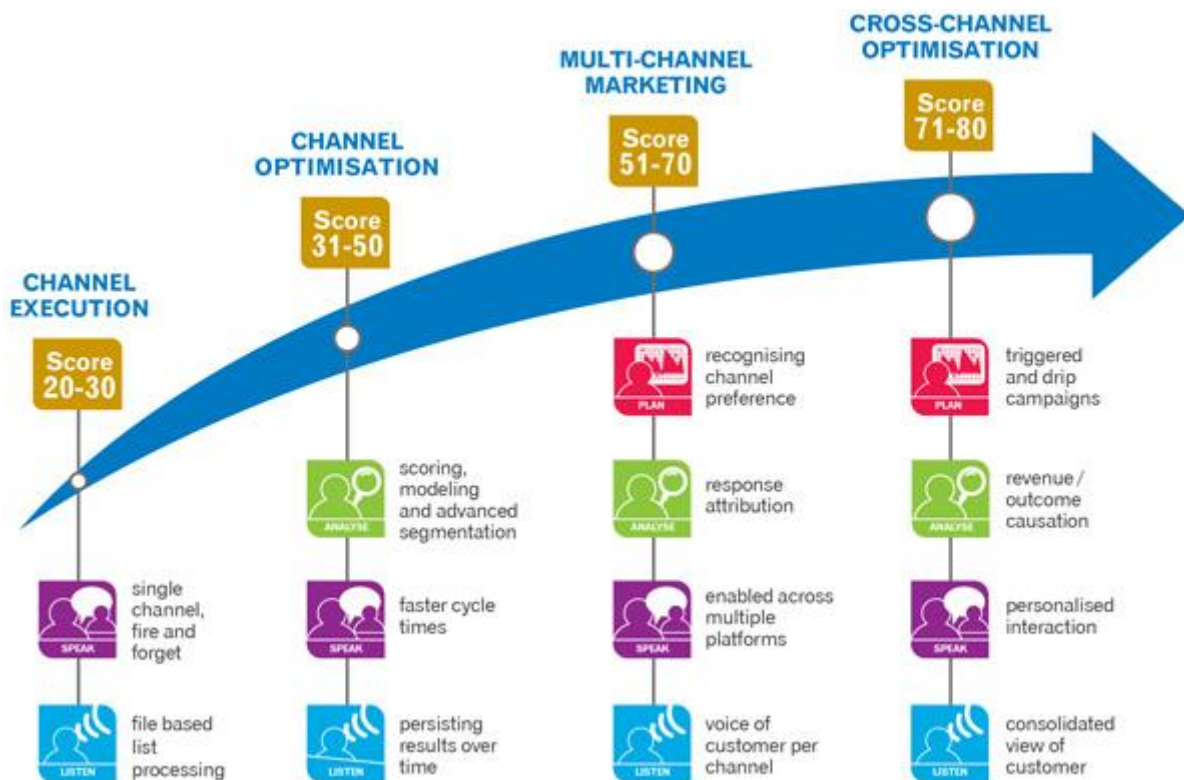
Marketing Compendium

How smart is your marketing?

If you want to put customers at the centre of your marketing activity it is important to understand your current strengths and where you need to improve. Experian's online assessment helps you determine how your organisation performs in the five areas of smarter marketing and plot your current position on our Marketing Sophistication Curve. **Take Experian's [Smarter Marketing Assessment](#) now.**

The Marketing Sophistication Curve

The Marketing Sophistication Curve is divided into four levels, from basic channel execution to more complex cross-channel optimisation. Your score in the online assessment will determine where your organisation sits but it is important to note that fantastic marketing can occur at any level of the curve, it merely aims to help you see where you can begin to improve.



**Intelligent interactions.
Every time.**

Marketing Compendium

The five areas of smarter marketing

We have identified five areas that contribute towards smarter marketing.

I. Customer understanding

Successful marketing puts customers first and in order to succeed you need to have an in-depth understanding of their behaviours, preferences, interactions and path to purchase.

II. Data management

Data quality, maintenance and storage are vital to any successful marketing activity. If you want to deliver communications that resonate with customers it has to be up-to-date, relevant and accurate.

III. Competitor monitoring

A successful marketer always has one eye on the competition and market trends in order to capitalise on any opportunities and respond to emerging threats.

IV. Channel execution

Marketers can no longer focus on channel execution in isolation and need to adopt a truly cross-channel approach if they want to engage with today's savvy customers.

V. Analysis and evaluation

Smarter marketers are aware of the need to constantly evaluate the success of marketing performance and be flexible enough to change and adapt to customer demands.

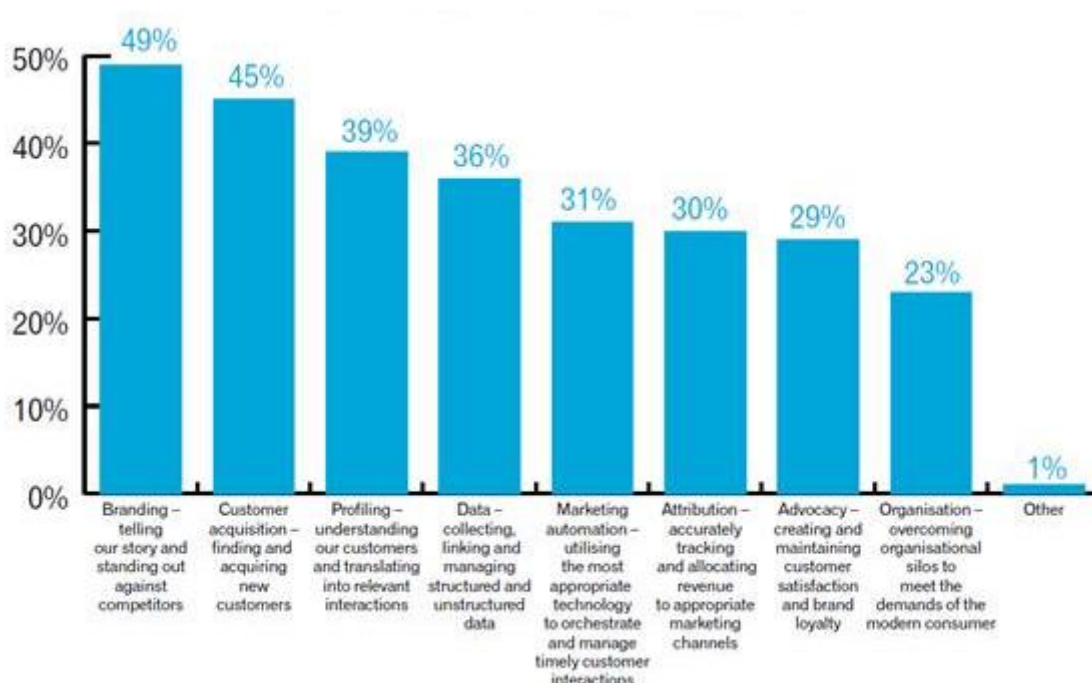
Intelligent interactions.
Every time.

Marketing Compendium

Challenges and priorities for senior marketers

Now you understand where you are, it's time to understand the wider retail marketing environment and map where you want – and need – to be. In the 2015 Experian global survey we asked senior marketers what their biggest challenges and priorities were for the year.

Senior marketers highlighted 'branding' as the top challenge for 2014



- Branding and the ability to tell a brand story was the biggest challenge with 49 per cent of leaders citing it as an issue. This is telling when you consider that in the 2014 survey only 39 per cent of senior leaders flagged it as a challenge.

Standing out from the competition by creating unique brand experiences that encourage retention and loyalty is imperative. Clearly senior marketers understand this, as 46 per cent of them also put it as a priority for the coming year.

Intelligent interactions.
Every time.

Marketing Compendium

- Customer acquisition, was the second-biggest challenge – reported by 45 per cent of senior leaders in our study. Fewer, however, name this as a top three priority (36 per cent).
- Understanding the customers they already have (and translating that understanding into relevant interactions, which was named as a challenge by 39 per cent) is a higher-priority cited by 43 per cent of the senior leaders as a 2015 focus.
- Interestingly, marketing automation and having the right technology to orchestrate customer interactions is fifth on the list of challenges, which is lower than you may have expected considering the glut of marketing tech available and *the importance of adopting a strategic approach to allocating budget*– it is, however, identified as the third highest priority (36 per cent).

Automation is key in delivering true cross-channel campaigns. It enables the marketer to create complex communications once, test as appropriate, track results for measurement and optimise accordingly. The more advanced we get, the more automated technology will help power decisions to help lessen the burden on the marketers and allow data and analytics to drive real-time decisioning and personalisation.

31%

of senior marketing leaders named marketing automation as a top challenge. Thirty-six percent have made it a top priority for 2015.

It seems senior leaders realise the requirement to improve execution of real-time, trigger-based cross-channel campaigns and understand that technology facilitates every part of the process from data collection and management to those orchestrated and automated interactions.

Intelligent interactions.
Every time.

Marketing Compendium

Personalised interactions for loyalty

Putting it simply, brand loyalty is generated by two dominant factors: product quality and customer service. In the modern retail marketing environment it's critical to nail both.

This is because the market has changed dramatically. In the last decade the internet, smartphones and social media (and combinations of all three) have allowed people to have personal relationships with brands – and brands that don't cater to their customers' expectations are going to struggle.

How do businesses build brand loyalty?

Essentially people demand to be treated as individuals. They want to receive tailored and relevant messages via the right channels and at the right times. A survey by Experian Marketing Services showed that:

- **84%** of people would walk away from a company that doesn't listen to them.
- **74%** of customers would respond positively to companies that understand them.

Personalisation means customers not only get the things they want, but also in the ways they like them. Getting it wrong will mean a poor experience and customers voting with their wallets.

If one person prefers email then make sure they only receive emails. If another wants to hear about upcoming deals about one of your products, but isn't interested in the rest of your portfolio, then make sure they only get sent information about what they like.

Intelligent interactions.
Every time.

Marketing Compendium

Know your customers to deliver great experiences

Knowing a customer demands the right insight. It takes increasingly sophisticated complex, cross-channel data analysis to get that consumer insight – but it is a crucial must-have for modern marketers.

Once you can start to build up a picture of your customers you need to establish a Single Customer View – to get an overall picture of each customer so that you know how they behave and what they like.

Rather than a single email address or phone number you start to get an idea of a real person – with preferences, contact details and behaviour patterns. It's only now that you can start tailoring your customer journey to better suit what they want from a customer experience.

Companies that fail to adapt and fail to take their customers' wants and desires to heart are in danger of being cast aside by those self-same customers. With modern technology changing the way we live our lives and the way we purchase, the power now well and truly sits with the consumers – so it's crucial that brands keep those consumers loyal and to do what they need to understand them.

Intelligent interactions.
Every time.

Marketing Compendium

The psychology of marketing

Understandably, much of marketing today (especially digital) is driven by KPIs, targets and ways to optimise and improve existing tactics in order to reach or beat those numbers. Small changes are made to existing campaigns and those changes are tested extensively.

KPIs and analytics are vital components of meeting customer needs – but they are not the only ones. While they can tell retail marketers that an approach does or doesn't work, it doesn't necessarily tell them why. A more thorough understanding of behaviour, reactions and psychology will help marketers to plan more creative campaigns – rather than trying to edge an additional 0.05 per cent out of an existing approach.

Here are some examples and ideas on how marketers can incorporate the psychological elements of marketing into future campaigns.

Commitment

Once someone makes a commitment they are more likely to follow through. This doesn't work all the time, but if you're trying to kick a habit or start a new one (quitting smoking and getting into shape are two obvious examples) you are far more likely to be successful if you give a public commitment by telling friends and family.

In marketing, gaining a commitment, rather than forcing a decision is a powerful approach. Take a newsletter – sneak delivery into the Ts&Cs and the customer is likely to bin or block when it arrives. Take the time to explain its value and seek explicit consent and they're far more likely to accept and read it. And, further, if marketers can get a customer to make a small commitment to the brand (like signing up for the afore-mentioned newsletter), they are more likely to eventually purchase from that brand.

Intelligent interactions.
Every time.

Marketing Compendium

Reciprocation

Reciprocation is a human being's impulse after being given something to give back in return. Examples of this in action are free samples at a supermarket, unasked for vouchers (for items bought in the past) and free tickets to upcoming events. In order to trigger a feeling of reciprocation the item being given has to be something they want, need or find useful – it has to add value. This can be based on your understanding of their past purchase behaviours and preferences, combined with their socio-demographic profile.

Missing out

Knowing why people feel like they do is a shortcut to providing your customers with what they want. Everyone's afraid of missing out. Regardless of whether it's a particular offer, deal or product. If there's only a limited supply or available for a brief period of time it's likely to trigger the 'I'm missing out factor'. This one's fairly self-explanatory. However, a word of warning – don't overplay it or force it. Make sure what you offer adds value and is something your customers actually want.

Similarly, how are they going to feel if they make a purchase based on the fact it was limited or only available for a brief period only to notice it still available after the deadline has passed? They're not likely to think highly of your brand as a result and you'll struggle to win back that hard-earned trust.

Positivity

We're all far more likely to buy something from a brand or person we like. Looking after your customers and making them love you is a major part of modern marketing and should be intrinsic to your brand. The brand is what you get reactions from and the best way to get a positive response is to work on your customer experience, make your customer central to everything you do.

Intelligent interactions.
Every time.

Marketing Compendium

Authority

People (generally) react positively to authority. It might be a hangover from school or childhood, but when someone in perceived authority says something we're more likely to do it.

For marketers this doesn't mean telling people what to do. It means building up people's belief in you and your company in order to be seen as an authority figure. If you're seen to know what you're talking about you're going to be listened to. Likewise – refer to external experts where you can to make your points. If they're endorsing your product, that's even better.

As with all marketing, it's important that retailers use psychological insights to make the customer experience better – not to shift unwanted products onto unwilling customers. In essence it all boils down to providing our customers with the experiences they want – and KPIs can take us a long way to delivering this, but psychology is important too.

Intelligent interactions.
Every time.

Marketing Compendium

Six elements of customer profiling

Retail marketing is changing, but so too are the technologies and expertise available to seize new opportunities. The main opportunity is to transform customer experiences for the better, using data and insight to better understand and meet expectations.

Grouping customers into segments enables brands to more effectively focus tailored marketing communications to specific types, across channels.

Customer profiling and the creation of these audiences via segmentation enables retailers to create campaigns tailored to each group. As sophistication grows, the more accurately brands can reach people on the individual level – increasing relevance and engagement.

The six elements of customer profiling

These elements are not necessarily a chronological journey – many brands will be partway down the process already. Regardless of where you start it is important to ensure you cater for every element.

- I. **Start with your data.** Consolidate and add KPIs such as revenue per customer, email responsiveness, product mix and purchase channel. Remove duplications and create Single Customer Views (for more information on the benefits of a Single Customer View read this free introductory white paper).
- II. **Enhance and enrich** first party data using third party data. This is an optional step but it is advisable that you ensure your data is sufficient, thorough and strong enough before proceeding to the next step.

Intelligent interactions.
Every time.

Marketing Compendium

- III. **Segment** your customer groups so you can target your best customers or the customers you feel represent the greatest opportunity.
- IV. **Create rich pictures** of these customers on and offline (and your competitors' customers) so you can target them and ensure your campaign messaging, channels, locations and times of day, are relevant.
- V. **Deploy** your targeted cross-channel campaigns to the selected customer segments.
- VI. **Measure** the effectiveness of your campaigns over time by each customer group. Keep track of changes in your competitors' customers, spatial trends concerning where your best customers are and where they interact with you

Intelligent interactions.
Every time.

Marketing Compendium

Retail marketing – what's next

Retail marketing is changing fast, so it's wise to look ahead and see what the environment will look like in the very near future. Some changes are continuations of ongoing trends but some promise to be entirely new. If there's one lesson to draw from the past few years – it's critical to be prepared. With each prediction we have included an action to provide guidance on how you can make the most of upcoming changes.

Social is now a paid channel

The organic reach of business page posts on Facebook has been reduced dramatically over the past year. Social media effectiveness and accuracy, however, continue to increase – so too does overall spending.

Paid amplification will become the norm as brands realise that the free organic approach is no longer a valid option. More brands will pay to promote their content on social media – often in line with social media advertising campaigns.

Action: The key is to stop thinking of social media as a free channel. It never was free – all that time and effort was financed from somewhere. Paying for content promotion means a brand's presence is better focused towards people who are more likely to be interested in what they have to say and sell. This improves content's effectiveness and the browsers' experience. Brands need to invest in consumer insight and figure out who their audience actually are so that they can better tailor content offerings.

Intelligent interactions.
Every time.

Marketing Compendium

Marketers will be analysts

If marketers are to harness the power of content, customer relationship and data driven insights, they need to get tech-savvy very quickly. With marketing more and more data-driven, new skills will become important as campaigns rely more on data insight and analytics. In addition, with the range of technological requirements (CMS, Tracking Platforms etc.) in play the marketing department's relationship with the IT department is going to have to get closer. If they aren't already, SEO and social teams will fully incorporate into the wider marketing team. These are no longer separate channels and should be approached holistically.

Action: Brands need to invest in training to ensure they are making the most of insights across departments. Where the talent is should be where the resources are. Likewise if there are shared technology subscriptions, closer relationships between IT and Marketing will be required to ensure all aspects of the business have access to the data and insight involved, not just via system requests. Day-to-day usage across the business is required.

Channels will be more connected

Content creation, email, advertising and social media channels will become less and less separate and distinct. Optimisation will move beyond tactics and focus more on overall customer experience, across channels. Because of this, detailed consumer insight will be ever more crucial to optimising the customer experience.

Action: Understanding the customer is crucial to optimising experience and implementing a fully cross-channel strategy. First party data needs to be clean and reliable – enrich it with third party sources if necessary but a full understanding of the customer is crucial in order to create the Single Customer View necessary to implement cross-channel marketing.

**Intelligent interactions.
Every time.**

Marketing Compendium

Mobile is only going to get bigger

While mobile isn't exactly small at the moment it's safe to say that the device dynamic will continue to shift. For instance, over the 2014 festive period 40 per cent of all browser-based traffic to retail websites was from mobile devices. 2015 could be the year we see the balance shift as mobile goes over 50 per cent share. Mobile analytics will be huge and the companies that get it right soonest will profit.

Cross-device attribution based on user-generated insight (rather than click-based tracking) will become dominant. How mobile behaviour affects online and offline activity will be the Holy Grail here as brands attempt to join up the whole 'experience'.

Action: Marketers need to switch from being simply mobile-aware to being mobile-first or mobile-centric. Brands need to have the capacity to deal explicitly with mobile browsers – not just cater for them. The customer experience must be designed with mobile users in mind. Brands have to think in terms of 'people' rather than devices and channels and will need to plan for everyone to experience everything everywhere, from emails to websites and social posts. If a brand isn't mobile-centric it is going to be a nuisance to mobile customers and will fall behind optimised competitors. Knowing who and how many customers are on mobile devices will be crucial.

Marketing will be more data-driven

Data-driven marketing is important now and this will only ever increase. Cutting-edge tracking and predictive analysis will drive performance. In line with this, the nature of website optimisation will change. Instead of aiming for volume, the advance of online analytics will put the spotlight firmly on the quality of traffic. 500 quality and relevant browsers will be better prized than 5,000 random ones.

Intelligent interactions.
Every time.

Marketing Compendium

Because of this (and because of the high-level analytics available) brands will intensify their focus on understanding conversion rates rather than overall traffic and place greater emphasis on analysing the key customer pathways.

Action: Brands need to invest in online analytics and to make sure they have the data to make the right decisions. Analytical insights will enable segments to be drawn up and audiences created to better tailor marketing. Spray and pray won't cut it anymore.

Brands will have to be strategic with marketing investments. There are a lot of 'hot' marketing technologies out there but it's not possible to have all of them. Decisions need to be based on potential value to business goals.

Content Will Be More Important Than Ever

As search engines continue to improve the way they connect search queries by relevancy, the emphasis will continue to switch to more thorough and high quality content. Hyper targeting of individual pages just doesn't fit with what the search engines want. Existing pages will be consolidated to cater for whole queries and questions rather than individual keywords. Making content that is relevant to browsers and answers questions will be key – think topics and themes rather than keyword density. It's about breadth and relevancy rather than individual keywords. Marketers now have to produce content for more channels (social, websites, newsletters, PR, paid search, etc.) and the challenge will be leveraging that content to make the most out of each piece.

Action: Be clever with content and how it's created. Understand who the audience to fully appreciate who customers are in order to produce content which interests them. Content writers with a passion for writing will be an important addition to marketing team.

**Intelligent interactions.
Every time.**

Experian Marketing Services

7 Old Town
Clapham
London
SW4 0JT

Building One
The Heights
Brooklands
Weybridge
KT13 0NY

Sir John Peace
Building
Experian Way,
NG2 Business Park
Nottingham
NG80 1ZZ

George West House
2-3 Clapham
Common
North Side
London
SW4 0QL



0115 968 5013

www.experian.co.uk/retail-marketing

Intelligent interactions.
Every time.

Experian Ltd is authorised and regulated by the Financial Conduct Authority.
Experian Ltd is registered in England and Wales under company registration number 653331. Registered office address: The Sir John Peace Building, Experian Way, NG2 Business Park, Nottingham, NG80 1ZZ.

© 2015 The word "EXPERIAN" and the graphical device are trade marks of Experian and/or its associated companies and may be registered in the EU, USA and other countries. The graphical device is a registered Community design in the EU. All rights reserved.