



A whitepaper produced by InternetRetailing in association with Selligent Marketing Cloud

From 'Customer Lifecycle' to "Customer's Life"

Changing perspectives in customer focus



INTRODUCTION

Relationships between brands and consumers have changed. The way consumers consume products, amenities and even marketing messages is no longer the same. The proliferation of smartphones and tablets, along with the rise in subscription economy services is leading this change. Consumers can no longer be considered in an online or offline state, they are perpetually hyper-connected.

This level of connection, along with the digital innovation it has spawned, has given consumers unprecedented levels of choice and has redefined expectations of what brands can provide.

Meanwhile, these hyper-connected consumers are creating a mass of data and information.

From demographic to social and transactional, consumers are happy to offer personal data in exchange for a more personal experience and a deeper relationship.

The sum total of this is revolutionary and has given rise to the 'Entitled Consumer' – a growing cohort of consumers that know their power. They can delete, unsubscribe, ignore, scroll past and uninstall in the blink of an eye.

And now that retailers have given them this power, they can't take it back. Consumers are entitled. They want instant gratification, recognition, speed, control and results. They become angry when the Uber driver they're tracking lags behind the automated satellite estimate of the car's position. They fume when a free movie takes more than three seconds to load on their phone. They roll their eyes when they have to print out a return receipt.

Data holds the key to satisfying these entitled consumers. Marketers need to make sure they are collecting the right data - and using it smartly. Brands can build a single customer view by collecting data at the various junctures of the customer journey and merging it to create a 360 degree profile of every consumer. This means marketers can get to know their customers better and learn how to provide a better experience in every moment, across every channel.

This puts marketers in the 'life' of the consumer, allowing them to become part of their customers' lifestyle.

In this white paper we will consider the three aspects of this shift: the need to get 'In Life'; how to get into consumers' lives; and the technology needed to deliver it now and into the future.

Drawing on our unique survey data from Top500 Retailers, we will map where retailers see themselves now and in the future on this evolution and help guide them towards true customer-first marketing.

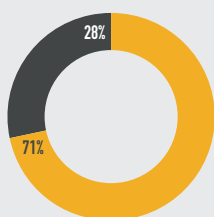
Backed up by case studies from across the retail and brand marketing space, we show it in action today and posit some of the ideas that need to be embraced to take it forward tomorrow.

We will consider the role of AI and the quantities of data being drawn in and used, as well as looking at the role of mobile as the customer's access and contact point for these sustained services. No longer a device or a channel, mobile capabilities now bring all of a retailer's capabilities to a point of service and experience – in the customer's hands and increasingly responding to their voice, in home as well as on the move. ■

KEY FINDINGS

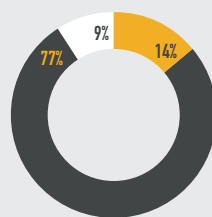
We surveyed *InternetRetailing's* Top500 retailers to fully understand where retailers, brands and marketers are today with customer-first marketing and what their views are moving forward.

DO YOU UNDERSTAND YOUR CUSTOMERS?



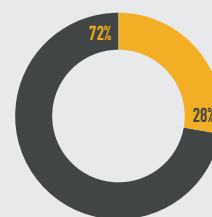
- 71% are satisfied or reasonably satisfied that they understand their customers reasonably well
- 28% are dissatisfied or extremely dissatisfied
- None feel they are close to a one-to-one relationship

HOW IMPORTANT IS CUSTOMER LIFE TO YOUR BUSINESS?



- 14% of retail marketers see it as very important
- 77% see it as important or fairly important
- 9% see it as not important at all

DO YOU HAVE THE SKILLS TO DELIVER IT?



- 28% don't feel confident that they have all the skills they need
- 72% are confident to some degree that they are ready for the challenge

SPONSOR'S INTRODUCTION

Relationship status: It's complicated. Consumers...are well, tricky customers – literally. Today's consumers are more demanding than ever before. With social media and technology amplifying their voice, the average consumer navigates life, one click or transaction at a time. If a brand that gets it wrong is just a left swipe away from never being in favour again.

Welcome to the era of the entitled consumer. Entitled consumers expect nothing less than the finest customer experience. Customers demand only the most relevant information, the most authentic assistance and recommendations, plus the ultimate service experience...at unbeatable prices. Just for them and via any channel, in any location, and at any time they please. Brand loyalty and repeat purchases may be in the cards, but have to be earned and cultivated, and guess who's doing all the heavy lifting? (Hint: it's not the customers.)

Providing individual consumers with the best possible experience is quickly becoming the top priority for brands, even to the point where experience outshines product quality as a main competitive differentiator. This is confirmed by a recent Gartner survey, in which 86% companies listed customer experience as the main factor for gaining a competitive advantage, compared with 36% in 2012.

Old-school marketing operated on neatly defined models. Before digital transformation disrupted all concepts of customer engagement, traditional customer lifecycles followed clearly delineated paths: the customer advanced through carefully delineated stages of a cycle, starting with discovery/awareness of a brand or product and ending in actual purchase (conversion), followed by customer loyalty and advocacy. Once completed, the cycle repeats.

Digital marketers are now waking up to a new digital marketing playing field where it is the consumer who controls the message. "If you make customers unhappy in the physical world, they might each tell six friends. If you make customers unhappy on the internet, they can each tell 6,000" – Jeff Bezos (Founder and CEO, Amazon)

What used to be a linear, structured customer journey, is now fragmented into micro-journeys that follow no distinguishable journey map or sequential order using traditional models. A new approach – and new technology – is needed to meet rising consumer expectation in a time when valuable and engaging relationships can mean more to brands, than purchases.

Today's consumers are a tough act to follow, especially when it comes to assigning them definite stages in the customer lifecycle. The need to act on real-time, contextual data on preference and behaviour helps to create laser-focused messages that hit home.

We are reaching a paradigm shift in customer engagement, where the consumer comes first. Instead of the communication channel or product being the start point of how marketers conceptualise campaigns or initiatives, marketers must use the individual customer as a starting point, in real-time. So instead of applying cookie-cutter personas to segments with similar lifecycle status that are then spoon-fed the same standard messages, consumer-first marketing relies on state-of-the-art customer intelligence powered by rich data.

We are passionate about the power of consumer first marketing to improve the customer experience, and the value for brands. Moving away from a one size fits all approach puts the power squarely back in the hands of the consumer, and brands must adapt or risk being left behind. Get it right, and it could be a relationship for life. ■



THE 'IN LIFE' MARKETING IMPERATIVE

Fundamentally, marketing is about the consumer – and modern technology has made them ever-more demanding. These demanding consumers feel entitled and so can no longer be marketed to using the same old methods of the last decade, they need a new approach.

The key to winning 'entitled consumers', is to understand and act on personal data and use it to build marketing initiatives that build winning experiences.

WHAT DOES THAT MEAN IN PRACTICE?

So what does moving to a customer-first approach mean in practice; what do retailers need to do?

- **Be engaging** – Coca Cola famously turned declining sales around by printing peoples' names on bottles. Extending this logic, consumer-first marketing relies on making this engagement as personal as possible – and that means knowing as much as possible about consumers. Understanding their likes, not just around your product or service, but also around their other hobbies and habits, leads to being able to better understand what makes a customer tick. According to a study by Periscope by McKinsey, 50% of consumers across the US, UK, France and Germany regularly receive personalised messages from brands and consumers in the US report positive feelings towards communication sent to them, with 50% of them saying that they "really" or "somewhat" like getting them – demonstrating a green light for retailers to connect with their audience.
- **Loyalty** – In the traditional marketing paradigm, the name of the game was to find-target-convert-retain. The 'In Life' consumer-first marketing model seeks to build around this as a starting point, but then to continue from the position of retention. In short it is the ultimate in making customers loyal to your brand. According to Periscope by McKinsey, US consumers said the top three attributes to influencing personalisation are: when a business offers items that are a good fit for their personal style, relate to items they frequently purchased, and when messaging is tied to a special occasion.
- **Understand uniqueness** – Everyone regards themselves as unique and, as a result, wants to buy products that are unique and personal to them. Luckily for brands, shoppers are willing to pay to be different. Smart companies should be eyeing up the 1 in 5 customers who would pay a 20% premium for product personalisation. Examples to learn from include Heinz, which managed to personalise tomato soup with a clever campaign that encouraged customers to send special, pricier, cans to sick friends and family. Cadbury's did something similar for Valentines Day, allowing customers to put individual messages and photos on the wrapper of their standard chocolate bar. The price doubled... and customers tripled.
- **Don't be creepy** – The well-worn counter argument to personalisation and 'In Life' marketing is that its creepy and invasive and somehow crosses a line. Typically, customers like personalisation, with Periscope by McKinsey reporting that some 31% of American consumers say that they "usually" or "always" find messages they receive relevant, as compared to 23% who said they "rarely" or "never do."
- **Sense of lifetime value** – Where consumer-first, 'In Life' marketing starts to pull away from the more accepted model of personalisation is that it seeks to offer all of the above to consumers forever, giving them a sense of lifetime value to the brand.
- **Continuously build understanding** – The aim is to continuously build out a rounded profile of your customer. This approach can include tracking behavioural data, transactional data, data from social media and much more. The key is to create and offer content that is both relevant and valuable for consumers – and where there is no need to communicate, then don't. It is better to be silent than to be irrelevant.

WHERE ARE RETAILERS AT TODAY?

We surveyed *InternetRetailing's* Top500 retailers to fully understand where retailers, brands and marketers are today with customer-first marketing and what their views are moving forward.

HOW INDIVIDUALLY RELEVANT DO YOU BELIEVE YOUR BRAND'S CUSTOMER MARKETING TO BE?

Interestingly, at this relatively early stage in the shift from lifecycle to 'in life', a healthy 16% of *InternetRetailing's* Top500 retailers surveyed already believe that they have a two-way relationship focused on the individual consumer's interests, wants and/or needs. Perhaps even more encouraging is that 60% are largely targeting segments on an individual basis or are somewhat focused, using broader segments. Perhaps less surprising is that 21% have very limited focus. Happily, just 2% are entirely focussed on being transactional. This last figure shows that the move to a more personalised and relevant marketing paradigm is already well underway.

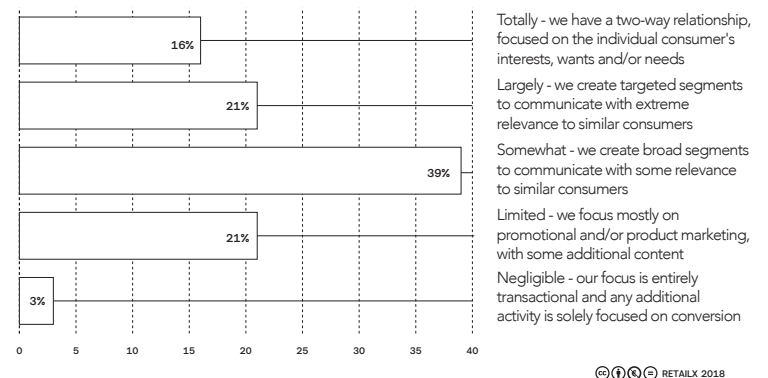
DO YOU UNDERSTAND YOUR CUSTOMERS' LIVES?

Once again, across the *InternetRetailing* Top500 retailers surveyed, the extremes of 'very satisfied with how well brands understand their customers and 'not understanding them at all' are very low (zero and 2.6% respectively) – clearly plenty of room for improvement then in the middle ground. Here, 32% are reasonably satisfied with the data they have and what they know; a further 39% are merely satisfied. Worryingly, a quarter are dissatisfied. All segments appear to be in need of further understanding their customers and using the available tools to create better relationships.

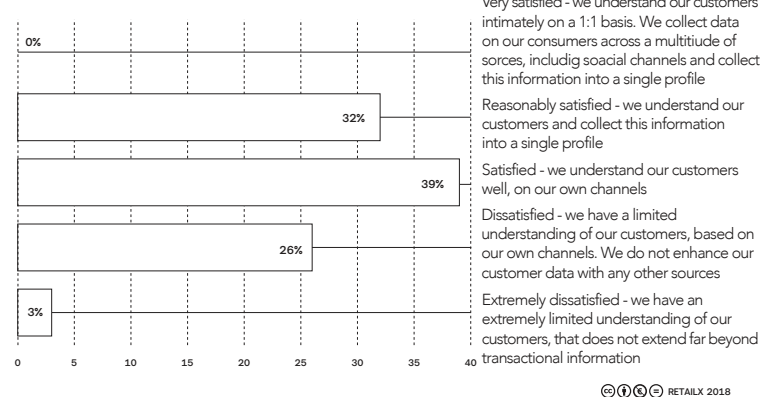
HOW IMPORTANT IS CUSTOMER LIFE TO YOUR BUSINESS?

When it comes to taking this idea of lifestyle further into the life of the consumer, the picture is again similar. Fewer respondents (14%) currently consider it to be very important. Again, though, more than half (54.29%) consider it important and nearly a quarter (22.86%) fairly important. This is encouraging, showcasing that many more Top500 retailers and brands already see the importance of truly understanding their customers and shifting marketing efforts into becoming part of their life. ■

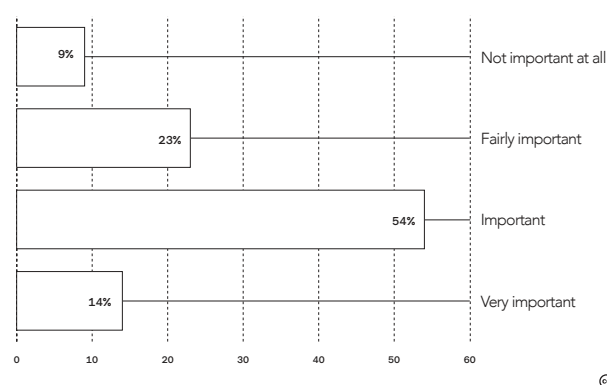
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DO YOU UNDERSTAND YOUR CUSTOMERS' LIVES?



HOW IMPORTANT IS CUSTOMER LIFE TO YOUR BUSINESS?



HOW TO GET TO 'IN LIFE'

The benefits of marketing at the ultra-personal level and developing a long-term consumer-first relationship are increasingly clear to retailers and brands: not only do consumers now demand personalised marketing, they want to feel part of the brand experience, as well as valued.

In return, they will share their data with you, champion you, socially discuss and recommend you and, if you are lucky, keep coming back.

But there are benefits for the retailers and brands too. Increased sales, increased customer lifetime values and the halo effect of being a 'cool' brand that is mates with its customers.

While the cardinal rule is 'only ever engage with insight', how do you practically deliver this?

- **Change of mindset** – The first step is internal. A rejection of the 'marketer first' approach is essential within the retailer, or brand – ideally from board level down – to change old ways of thinking. Doing this begins to drive the right behaviours internally, which normal CRM efforts don't.

'In Life' marketing requires, as we have seen, a rethink of the relationship between customer and brand. If marketers are to rise to the daunting challenge of meeting the expectations of the 'entitled consumer' then context is key.

According to research carried out by Selligent Marketing Cloud, which involved collecting the views of 108 senior marketing executives, 67% of CMOs admitted to not taking advantage of contextual data and the technologies available.

The research also showed that marketers are actually waiting for their competitors to make the first move. 81% admitted that they would increase their use of situational data only if their competitors started first.

- **Entertain** – In the age of YouTube, Instagram, SnapChat and other socially connected sites, the video, image or even simple GIF has huge traction. 'Marketing' through simply engaging consumers with witty or amusing content can be a first and decisive step into building a relationship.
- **Add value** – Ideally stylised around the area in which the brand operates, the huge amount of knowledge and expertise that a company holds can be brought to bear in useful ways to inform and guide consumers.

The relationship between brand/retailer and consumer can also add value by offering not only hints and tips, but also things of direct value. Access to exclusives, discounts, special offers, membership benefits – all things that the 'traditional' marketer would recognise – can all also be applied here.

What makes it different is that it forms part of an ongoing relationship with the consumer and is part of a broad mix of interactions that you, the marketer, brings to bear.

- **Solve a problem** – Akin to offering value, solving a problem for consumers is another key way to build a relationship. Consider a modern airline app: before travel, the app can sell you a flight and help you manage what you are doing. When travelling it can act as your boarding pass and luggage receipt. Two very basic functions that make life easier. However, wanting to know how to get a taxi at the other end, or what the public transport system is, understanding what delays you may face, even being told that there are not going to be any hot drinks on your flight all serve to enhance your experience and solve a problem.

Problem-solving by answering specific questions – which these days can often arrive at a brand's door in the very public medium of social media – can really help you get in with a consumer, as well as publicly showing how you add value and solve problems for your customers.

- **Listen to what your consumers tell you** – Tapping into what your customers are saying about you on social and anywhere else is also an essentially part of the marketing mix. Today, social media gives brands access to an almost infinite focus group. Listening to what they are saying about you can help you understand where your brand is in the consumer world.

Taking this further, you can use this information to shape the marketing you do – for instance using it to segment your audience and market appropriate and different messages to each of those segments.

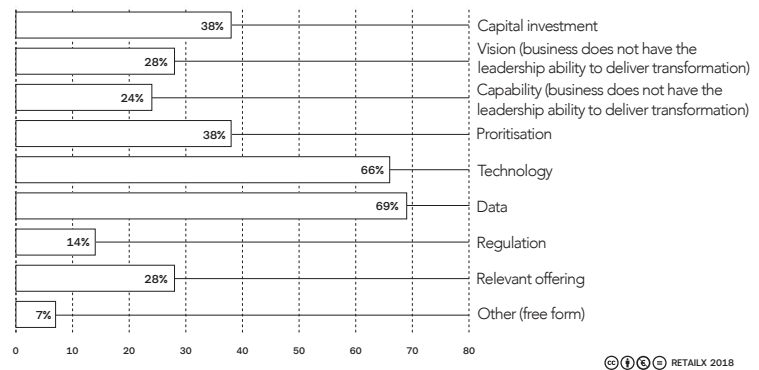
- **Get your data in check** – The key facet of the shift from traditional lifecycle marketing to In Life, customer-first marketing requires getting to grips with data at a strategic and tactical level.

More power needs to be put back into the hands of the marketer. No more reliance on IT, no more data siloes, no more teams operating independently of one another. Getting the data right and in the right place, as well as then applying the right rules and algorithms and intelligence to it, means that marketing teams can spend less time making more revenue with a flexible and comprehensive data architecture and team set-up.

WHAT ARE THE MAIN CHALLENGES FOR RETAILERS AND BRANDS?

So what do retailer and brand marketers see as the main challenges to creating better customer marketing? For the survey of *InternetRetailing* Top500 companies, the stand out issue is technology and data, each of which is a problem for some two thirds of respondents. Data is a growing problem in marketing. There is such a wealth of it, across multiple touch points, that understanding it and putting it to use is an increasing challenge. Technology to analyse and make sense of this wealth of information is the solution, however, again is seen as something of a challenge – as we see in the next data set.

WHAT ARE THE MAIN CHALLENGES?



HOW WELL DO YOU THINK YOU DO COMPARED TO YOUR COMPETITORS?

Comparatively, most retailers in the survey of *InternetRetailing's* Top500 think that they are on a par with, or slightly ahead of, their competitors. A third were brave enough to suggest that they aren't up there with their competitors, although none admits being far behind.

HOW WELL DO YOU THINK YOU DO COMPARED TO YOUR COMPETITORS?



IN CONCLUSION

In this era of shopper promiscuity, the battle for customer loyalty is fiercer than ever. CMOs need to embrace contextual marketing. Contextual marketing isn't a fad; it's a fundamental change in how marketers reach out and engage consumers throughout the customer lifecycle. It's about a brand understanding the needs of a consumer in real-time, respecting their preferences and delivering value in that moment. It's the key to tackling today's 'entitled consumer'. ■

THE TECHNOLOGY ROAD TRIP

'In Life' consumer-first as a marketing objective lives and dies by data. Twenty years into the digital era and marketers are not hard up for data on their customers and, as the number of platforms and channels grows, so the amount of data that they have becomes enormous.

This brings us to the last piece of the puzzle: what is the right data to collect, how to collect it and what to do with it once you have it. While that in itself is worthy of its own white paper, here we will take a look at how to get started and how to ally what you want to achieve in terms of creating engaging, informative and useful 'In Life' experiences with what data you can collect – and how technologies such as artificial intelligence (AI) can make this work.

WHAT DATA?

A survey by Royal Mail Data Services in 2016 of 185 marketers across both business-to-consumer and business-to-business organisations, shows that half of those surveyed see life events as a new sales opportunity, up from 16% in 2014.

However, while 55% said they understand the concept of 'In Life' or in Royal Mail's parlance 'life event' marketing and the fact it triggers consumers to make new purchases or review contracts, their organisation is yet to realise the value of implementing a strategy based on marketing around these events. Only 24% are running a life event targeting campaign and for 21% of respondents the term is entirely new.

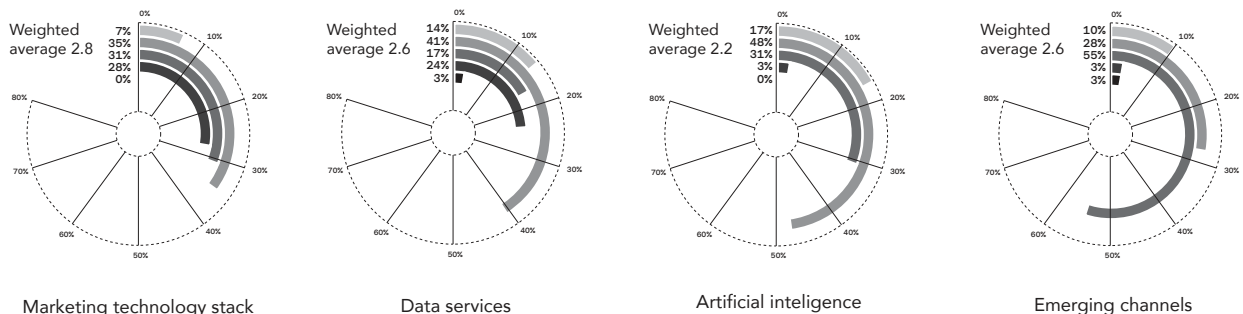
A further 70% of marketers recognise that the most important aspect of a life event for brands is the reason it provides for them to engage with a customer, twice the number of marketers who gave this answer in 2014. Under half (44%) say it also gives them a chance to update contact data, which is up by 50% from last year.

There are challenges and key steps in adopting data-driven marketing, particularly for life event targeting, including the control of data collection, how customer contact data is sourced and the quality of that information. There is no point doing great creative, data segmentation, analytics or programmatic marketing unless the base data you have is as clean and as high-quality as you can make it because all the smart stuff won't make a difference if the base you are working on isn't accurate.

CONFIDENCE IN CAPABILITIES

Across the board, no one among *InternetRetailing's* Top500 retailers surveyed appears to be confident in their ability to use the technologies and channels open to them. Technology, as we can see, is a dissatisfaction point for many, be it the technology stack, data service or AI. Between a third and a half those questioned are dissatisfied with these elements of their business. Those that are very satisfied are in single digits or non-existent. And herein lies the crux of the issue – retailer and brand marketers know what they want to achieve, but getting there is another matter.

CONFIDENCE IN CAPABILITIES



SO WHAT DATA SHOULD YOU GATHER?

The use of first-party data is rising in prominence, with 45% of respondents to the Royal Mail Data Service study saying they only use directly gathered customer data, compared to 39% the previous year. But half of respondents recognise this only provides a partial view of the customer, so they enrich it with additional data from a third party.

The Royal Mail study also suggests that mapping existing customer data against life event data can help to identify specific purchase triggers, spend patterns and previously unidentifiable acquisition and retention targets.

Nearly nine out of 10 marketers identified their company website as their primary data collection channel, while only 2% name mobile websites and 30% mobile apps as key data sources. The research finds that a mere 9% of the ecommerce function in businesses is responsible for data strategy and collection.

The CRM function is responsible for data collection and strategy in 32% of respondents' companies, IT or information services accounts for 23%, sales 21% and customer service 19%.

Only three out of 10 companies have a central data management function to ensure data is captured in an actionable, sustainable manner.

The study warns that where customer relationship management (CRM), sales or customer service takes the lead on data collection there is a risk that the details collected will only reflect the specific needs of those functions and will not include non-customer data or behavioural data rather than transactional information.

Our own research backs this up, with nearly 70% and 65% respectively saying that data and technology are the biggest challenges to understanding their customers lives and some 27% not feeling satisfied that they have the right skills in place to do it. Consequently, the vast majority of the survey sample – 85% – placed themselves only on a par of slightly ahead of the competitors.

This lack of understanding of the data needed is a hindrance and one born out of being swamped with data and being unsure what to do with it all.

HOW TO COLLECT THAT DATA

The digital world gives you ample opportunity to capture data at every stage of a consumer's journey across the web and, increasingly, across devices. Wherever they tread they leave foot prints and throw off data like a plume.

Increasingly, the technology exists to start to match searchers to search results to the path they then take and where they end up hovering, abandoning, or buying. All this data needs to be collected and attributed to paint a clear picture of what each person is doing.

Where the gap lies currently is in mobile use around, as well as in, stores. Squaring the circle of digital and real world retail is a vital part of delivering a coherent 'In Life' marketing experience, yet where the mobile meets the store is currently something of a black hole.

According to research by Vodati, a third of purchasing decisions take place at the shelf edge while consumers browse and 70% of shoppers wish to access free wifi at this point and during their physical store encounters to support their shopping journey.

Two-thirds (72%) of UK shoppers say they would be more likely to convert, another third (35%) say that they would make a purchase and another 37% revealing free wifi would make them buy more in a single shopping trip. Similarly, more than half of shoppers (52%) agreed that wifi at their fingertips would make them spend longer at a traditional store.

Perhaps more interestingly, two-thirds (77%) of UK purchasers refuse to use brick-and-mortar store wifi if they feel the sign-up process is too long or complex-demonstrating the rise on-a-go shopper culture.

In-store wifi clearly can lift sales, but it is also an invaluable tool for 'In Life' marketing as it gives you access to a rich pool of mobile and shopping habit data – if you can get them to sign up.

The conundrum is that shoppers want free wifi – yet they don't want to have to give you any details in return or have to go through a complicated, data-rich, sign-up process. They are prepared to accept marketing and information at the shelf edge from you, which can be turned into an 'In Life' marketing relationship, but only once you have them.

WHAT TO DO WITH THE DATA

While getting users to share their data is a challenge, how to make sense of all the data you do have is perhaps an even bigger one. As oft said in this white paper, the customer needs to be at the centre of things and the data 'picture' built up around them – but how?

A lot of MarTech vendors will tell you that they can make it possible by connecting it all together and using a range of proprietary plug ins et al. But such 'frankencloud' solutions that have been built up and acquired over many years are not stitched together in a way that makes it easy for the marketer to realise the potential. ■

A WORD ABOUT GDPR

'In Life' marketing – all marketing – revolves around data and from 25 May 2018, how consumer data is used and controlled across Europe has changed. The General Data Protection Regulations (GDPR) holds the protection of consumer rights as its central priority and is fundamental to how all EU consumer data is stored and developed.

Retailers will now need customers to double opt-in to the use of their data to personalise experiences. They also have the right to see what data any organisation holds on them and to have it deleted whenever they so wish. Failure to do so will result in hefty fines – up to a quarter of turnover for serious breaches.

However, GDPR should be viewed as a positive for marketers, rather than a negative – and something which could actually aid the transition from 'Customer Lifecycle' to 'Customer Life'. Focusing on accumulating and processing important, useful, and the legally compliant information is a necessity – and if the GDPR provides some incentive for that, then both marketers and the relationships with their customers will benefit. As an industry, we marketers have done a pretty bad job at self-regulating, being systematically lazy with data – as such we should view GDPR as a much-needed catalyst for positive change.

GDPR will also mean that marketers will no longer be able to go to market with a channel-first approach, pushing self-serving messages to a segment of consumers. Marketers will have to "take off their marketing hats" to disseminate consumer data to contextually engage consumers, in ways that are compelling and add value.

GDPR represents an easy win for organisations that want to develop a more transparent relationship with their customers. GDPR will also offer marketers the perfect opportunity to address the 'consumer trust' issue that has plagued the industry for far too long. The hallmark of a truly trustworthy brand will go beyond the minimum requirements to ensure that customers can easily download their data – and request that it be removed – and will only strengthen customer loyalty.

MOBILE, AI AND BEYOND

'In Life' marketing revolves around engagement and the desire for a personalised, engaging, entertaining and useful experience among consumers has been firmly led by the increasing dominance of the mobile smartphone – and increasingly other new web-enabled devices.

How these all fit into consumers' lives and how they all work together is key to growing a consumer-first, 'In Life' marketing offering – and it is all going to be glued together with AI.

MOBILE

Mobile devices have opened the door for an unprecedented level of access to the always connected consumer. This gives brands the opportunity to constantly engage with their target audience on a round-the-clock basis. Despite this, some marketers are still struggling to connect with this captive audience as they are failing to grasp the key mobile metrics that matter and which should be informing their integrated marketing strategies.

SOCIAL MEDIA

The majority of social media traffic comes from mobile – more than 80% according to ComScore – but it is vital to 'In Life' marketing in its own right since it is where most people 'live' their 'digital lives' and where brands and retailers need to be to engage consumers and understand their lives.

Social is where shoppers in particular are turning for inspiration, advice and to share what they are liking and buying. To create an 'In Life' marketing relationship with them, brands and retailers have to use both the information they can glean about what shoppers are doing around their brand, but also have to start engaging with them on these sites.

As we move into a world where smart devices are becoming more common, the 'always connected' paradigm will shift hugely – and marketers will be able to utilise data from these devices (such as smart cars, smart fridges, app-controlled lighting and security solutions for home and VOC devices such as Apple HomePod, Amazon Alexa to name a few).

Data points from these new and emerging channels will allow marketers even newer ways to gain insight into customers' lives and offer contextually relevant and engaging touch points with extreme precision.

ALL TOGETHER NOW

The key to creating an 'In Life' consumer-first marketing strategy and meeting the demands of the entitled customer is to make all of the above work together. Engagement and added value are the key to becoming part of the consumer's life, but also the channels available all have a role to play.

But consumers aren't tied to one channel and they certainly don't think in channels. Social media is a crucial part of the puzzle as it is where they 'live' digitally and it is here that brands and retailers can both engage with them to build that 'In Life' relationship, but it is also where they can learn what their customers like and how they behave. Together, mobile and social offer both the insight and channel to build that relationship that drives being part of a consumer's life.

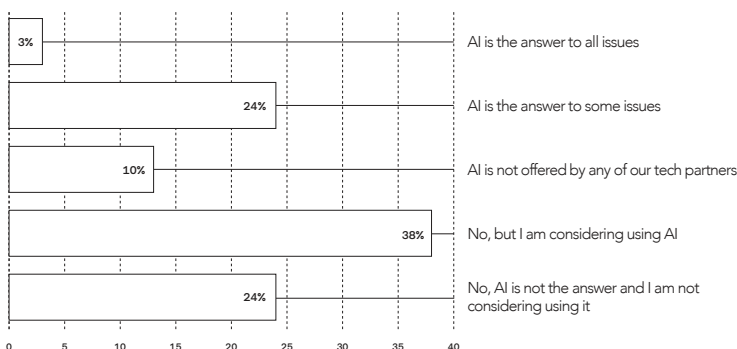
IS AI THE ANSWER?

Increasingly, artificial intelligence (AI) and machine learning are being touted as the MarTech tools of choice to solve this – and, seemingly, all other – issues in modern digital and omni-channel retail marketing. These two allied technologies do have much to offer and can certainly help with the data handling, segmentation, and channel and message choice processes for those segments as they are able to more easily sift through data and find patterns and segments and apply man-made rules quickly and more expertly to vast amounts of data. For the Top500 companies surveyed, AI seems to be a key technology, with many aware of its potential, but looking at our sample most are not using it (62%), with only 38% of those not using it considering it. In fact, the same proportion of businesses are using it somewhere as those not even considering it (24%).

However, it is imperative that companies don't lose the human element as they seek to automate customer experience. Machine learning does not have the ability to understand human emotions and the vagaries of conversations with a customer. The purpose of AI is not to replace people but to work alongside them and enable them to work faster and more smartly. If brands are to avoid the risk of alienating and losing their customers, then maintaining human relationships will be key.

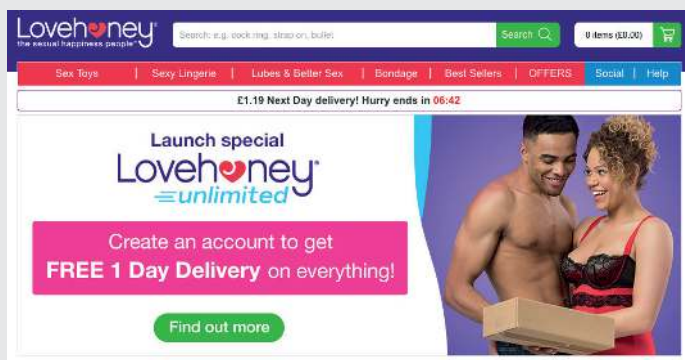
AI has the potential to revolutionise the way in which brands connect with consumers and for many marketers it's a new shiny tool to add to their marketing stack. It's worth noting though that as with any new disruptive technology, it's not perfect and therefore marketers need to proceed with caution if they don't want to risk alienating their customer base. ■

IS AI THE ANSWER?



CASE STUDIES

LOVE HONEY: PERSONALISED MESSAGING TO HELP CUSTOMERS 'FEEL NORMAL'



Lovehoney, the UK's most popular online retailer for lingerie and adult gifts, has improved customer experiences for both new visitors and long-term loyalists by personalising messaging and upping conversion rates.

The adult retail industry faces a unique challenge with new customer acquisition, with first time buyers having worries when it comes to the issue of whether their purchase choice is 'normal'. Using the platform and its API, the technology creates a live feed of data to highlight the popularity of the product being viewed. By providing messaging such as "485 visitors have viewed this product in the last 24hrs", Lovehoney

eases consumers' insecurities and facilitates an easy purchase process leveraging "social proof", when people look to the actions of others in an attempt to reflect correct behaviour.

And it seems to work. Lovehoney increased order conversion rate by 7.37% for new visitors by using advanced segmentation and personalisation capabilities via the platform and some segments saw a 4% uplift among existing customers. By knowing the unique challenges, Lovehoney delivered the right content at the right time to help first-time buyers overcome any hesitations at point of purchase, turning passive buyers into customers.

"We strive to provide world-class service to our prospects and customers in every way, across all channels," says Matthew Curry, Head of Ecommerce at Lovehoney. "By using powerful data, insights and personalised experiences, we were able to give existing customers and new visitors the confidence to make their purchases."

HSBC: LEVERAGING AI TO DEVELOP BETTER LOYALTY

International bank HSBC has teamed up with a leading provider of loyalty programmes to global companies, to use AI to increase loyalty around a new suite of credit cards the bank launched in the US.

The system's AI algorithm predicts the rewards a loyalty programme member is likely to redeem over the coming year. The AI then suggests a redemption category to promote to each member and calculates the percentage of clients likely to redeem in different categories.

The HSBC promotion involved 75,000 credit card rewards members. Cardholders were sent e-mails based on the AI recommendation in one of four categories: travel, merchandise, gift cards and cash. A control group received an e-mail with a random category.

Of those who received the targeted messages and redeemed, 70% redeemed in the AI-recommended categories. The number of opened e-mails increased 40% among the AI group.

"Partnering in this way allows us to be on the leading edge of innovation as we deliver better experiences for our customers," says Pablo Sanchez, head of retail banking and wealth management for HSBC in the US and Canada. "We launched this new suite of cards to provide the ultimate support for our customers' lifestyle. By using AI to predict our consumer's redemption behaviour, we've refined our loyalty program to 'speak' to our customers by promoting the perfect reward or experience for them."



Alan Donque, Flickr

TOMS: HOW PERSONALIZATION HELPS INCREASE CONVERSION RATE BY 3% IN TWO WEEKS



Alan Donque, Flickr

The social movement apparel company, TOMS, produced a 3.3% increase in conversions in just two weeks after initiating a personalisation programme.

Rewind to November 2016, just two weeks before the biggest holiday shopping weekend for retailers. TOMS reached out to its platform provider seeking a way to grow and foster customer relationships online. With one of the most important sales events of the year quickly approaching, TOMS needed to get up and running with a new ecommerce solution in just two weeks.

When segmenting customers, retailers are not able to recognise individual preferences, therefore providing stereotypical recommendations that groups shoppers together based on their demographics, without recognising the tastes or

intent of the individual shopper.

With a personalisation platform, TOMS used an ecommerce approach modelled after an empathetic sales associate to capture the individual interests and intent of each visitor.

This included recognising the shopper's behaviour throughout the online experience by analysing the types of searches they were conducting, where they were clicking and what they were adding to their cart or saving for later.

Customer journeys on TOMS' website typically begin with a query. With the platform's preview search solution, the most relevant content is shown in a display window based on the shopper's preferences and intent.

But customers don't even have to type. Now customers can also search by voice. Through natural language processing (NLP), TOMS can better recognise specific conversational queries from shoppers like "red shoes under 50" to retrieve the most relevant results.

According to TOMS, this was "one of the smoothest transitions" to date they had ever been a part of. And as a result, they plan to expand their search platform to continue providing customers with an intuitive, personalised and seamless shopping experience.

HOLLAND & BARRETT GAINS BETTER INSIGHTS AS IT STARTS TO TRANSFORM IN STORE AND ONLINE

To continuously improve its value proposition and serve its customers what they want, UK health food giant Holland & Barrett is working with a data science company to generate data-led insights, enhancing offer and content personalisation through the 'Rewards for Life' membership programme.

Rewards for Life, which currently has more than 7 million active members in the UK, is a key tool for customer insight and engagement and is central to helping Holland & Barrett ensure it is faster, more commercial and acutely focused on customers.

The cross-channel loyalty programme enables customers to earn points towards discounts. Shoppers can sign into the scheme via the store's iOS app in order to activate a card and can also create their loyalty account through the app.

Data from the scheme enables Holland & Barrett to understand its customers and their behaviour, enabling it to improve the way it engages with each one of them.

The business also trains its staff to take an expert approach to advising shoppers in store. Staff go through its in-house Holland & Barrett Natural Health Academy, on courses that last an average of a year, in order to gain qualifications that equip them to advise customers in-store about products such as dietary supplements.

It's an approach that the retailer prides itself on and it's no surprise that it features prominently on its website as well. The site is home to The Health Hub blog, populated with recipes, advice, explanations of different supplements and how eating foods from carrots to golden flax seeds can help to improve health.

One interesting feature is the use of a 'trending' box next to the Health Hub search box. At the time of writing, immunity, vegan and sleep were all featured, pointing shoppers towards information that others were finding useful. The website also promotes the Healthbox scheme, which recommends products based on an interactive consultation, alongside personalised advice. ■

CONCLUSION AND KEY LEARNINGS

THE CUSTOMER IS THE CENTRE

No matter what you do, your marketing strategy first and foremost must now have the consumer front and centre: everything revolves around them. Each consumer has to have all their data assigned to them and you learn what they like, when they like it and you entertain, inform and add value to their lives through all contact points.

DATA IS THE KEY

Forming a relationship that looks and feels individual to the consumer requires a vast and ever-growing knowledge of that person – and that means data. But how you then process and use that data is what drives your 'In Life' marketing strategy.

TOUCHPOINTS ARE VARIED

While, as a retailer, you want to sell consumers things, modern marketing prescribes that you dance through their digital life with them, offering useful and entertaining interjections at exactly the right moment. Understanding where they are at any given point is part of what you have to use the data to discern. Then making sure that you send them the right message, via the right channel, is also crucial.

APPS AND SOCIAL ARE CRUCIAL

Apps offer an excellent way to get into the life of a consumer. Make your app part of their life and use it to add value to that part of their life is what 'In Life' marketing really means. It is a bit of a Catch 22 in that you have to work out how to engage them on social media to learn about them so that you can better engage them on all channels (including social media), but that is the game here.

NEW CHANNELS ARE OPENING UP...

While mobile apps and social media are the gateway to understanding customer life and generating the data that helps you understand this and leverage it at scale, new channels such as smart speakers and voice assistants and even smart cars and other utilitarian devices are also starting to edge into the picture. Anything that a customer interacts with can lead to valuable insight into their behaviour, as well as giving a channel through which to interact.

... BRINGING NEW CHALLENGES

These new devices – especially the growing world of the connected home – are unknowns right now, but they will bring challenges. If nothing else they add to the already vast amount of data that you hold on your customers and they present yet another channel to understand, mix into the behaviour cocktail and work out how to connect and engage with them through that new channel and device.

TECHNOLOGY CAN HELP...

Here AI and machine learning become essential. Already these technologies are becoming the backbone of the modern marketing tech stack.

As AI becomes more intelligent it will become more expert at not only segmenting the data and understanding who is doing what, but will also be able to parse how to connect with people, with what marketing or engagement messages, through which channel and device and when.

... BUT YOU NEED THE HUMAN TOUCH TOO

This doesn't mean the end of humans in the marketing function. While the machines will be able to analyse data, predict outcomes and interact on a personal level with consumers, the basic reasoning behind what they do – the very rules to which they work, the messages they send and the kind of interaction they deliver – is still going to originate from humans. The machines can handle the data and sending, but what is sent and why is still going to have to come from people. People know people and people understand people's lives. ■

SUMMARY

It is no longer enough to understand the lifecycle of your customers: in today's multi-channel, digital retailing world brands and retailers need to be in the lives of their consumers. Simply finding out which of your customers likes the 'blue ones' and sending all of them the 'blue ones' email, today you have to design your marketing for the long game of forming a relationship with your customers and using that relationship not to sell them stuff, but to entertain them, inform them, add value to their lives and solve their problems.

Welcome to the world of 'In Life' marketing: where the customer value last a life time and where you find a way to fit your brand into their life.

'In Life' marketing revolves around putting the customer front and centre in everything your brand does – then surrounding that customer with layers of data that paint a picture of what that person likes, loves and does, as well as the devices, channels and locations they do them in. Then all you have to do is tap into this and talk to them one-to-one. And you have to do that to everyone.

Sounds easy? Well, with modern AI technology and the wealth of customer touchpoints available, it is achievable – and, given the long term value it can generate, it is something that retailers can longer ignore.

Based around bespoke research of Top 500 retailers, this white paper uncovers how marketing is shifting from lifecycle to life, how to get there and what the pitfalls might be. Drawing on research, case studies and interviews with countless experts, we uncover just what 'In Life' means, what it can deliver, who is delivering it – and how you can deliver it to your business.

Your customers have one life – live it with them. ■

Editor: Paul Skeldon
Editor-in-Chief: Ian Jindal
Design: Marzena Zychowicz
Publishing Director: Chris Cooke
Commercial Director: Andy James,
andy@retailx.net
Account Director: Marvin Roberts
marvin@retailx.net
Tel: 020 7062 2525

InternetRetailing Media Services Ltd,
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London, EC4N 5AU
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For circulation enquiries contact:
Internet Retailing Media Services Ltd,

PO Box 6009
Thatcham, Berkshire, RG19 4TT
Tel: 01635 879361
Fax: 01635 868594

internetretailing@circdata.com

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