Five tips for success with customer analytics
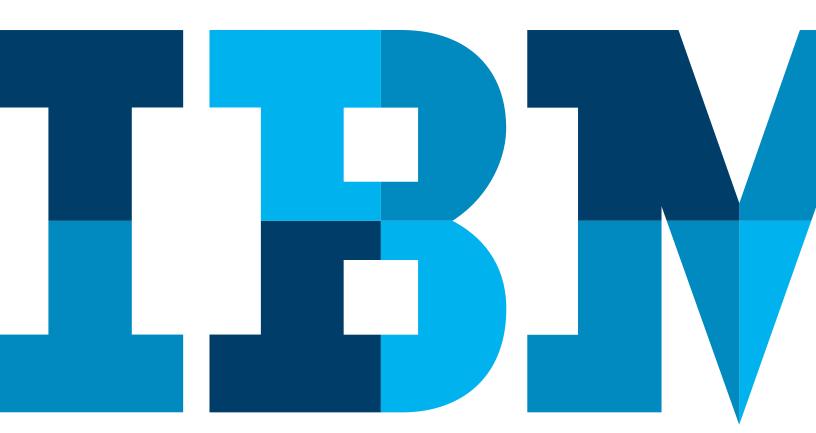
*How understanding your customers in context
increases revenue and deepens loyalty*

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Do you really know your customers?

Your customers are moving targets. As channel and device choices proliferate, it's more challenging than ever to understand their behaviors and interests. Analytic approaches from the past don't deliver the powerful lens you need in the face of increasing customer expectations and interaction points.

Most marketing, e-commerce and service professionals have a fragmented understanding of their customers at best, so it's difficult to unearth insights or prioritize actions that will have the fastest, biggest impact on business results. A holistic understanding of customers is the foundation for engaging them in relevant and rewarding ways, ultimately growing your share of wallet and their loyalty.

To understand your customers effectively, you need to understand browsing patterns, channel and device usage, product affinities, personal interests, social media activity, demographics and more. With the right customer analytics approach, you can develop an accurate understanding of which customers—and which moments in their interaction with your brand—matter most, increasing revenue, profits and customer advocacy.

Five tips to understanding your customer

The tips in this paper are compiled from our real-world experience, working with leading brands across the globe. Clients using IBM ExperienceOne customer engagement solutions—such as Orvis, Virgin Atlantic, Travelocity, Carbonite and wehkamp.nl—have achieved double-digit and triple-digit improvements in key marketing and commerce performance measures by using the best practices revealed here.

Read on to explore these tips:

1. Don't stop at the session: Understand the customer journey
2. The customer experience is king: Make sure you can experience it
3. Mobile is the new norm: Make it count
4. If at first you don't succeed, try again: Serve specifically targeted content
5. Know where the money goes: Invest your marketing dollars wisely

One Unique Visitor With A Five-Day Sales Cycle

	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday
DAY	"Let's go to Disney World!"	🙂	🙂	Price comparisons on other sites	🙂	🙂
EVENING		**Step**	**Step**	**Step**	**Step**	**Step**
		Talk about options and schedules	Finalize flight preferences	Confirm that price is best	Discuss one more time- then sleep on it	Conversion

Figure 1: Visitors typically progress towards purchase over multiple days and interactions.

Tip 1: Don't stop at the session: Understand the customer journey

It's important to understand the customer lifecycle as it unfolds over time, through multiple interactions and across channels and devices. By moving beyond single-session metrics to pinpoint key interactions that prompt progression through conversion cycles, you gain the insights needed to engage and delight each customer as an individual with personalized communications at the right time over the right channel.

Lifecycle analytics connects the dots between conversion events, marketing campaigns, devices, products and sales with recency and frequency of visits in one report. Lifecycle reports also offer insights on the number of sessions and days it took to reach an event (lifecycle milestones).

For example, retailers can see how customers move through the purchasing funnel. Users can track milestones such as looking at a product page, carting a product, purchasing a product, or becoming a 2X or 5X buyer. By analyzing this lifecycle, you can gain insight into which content customers find most useful for helping them progress in their decision-making process at each stage. In addition, you can identify which customers have not progressed, and target them with relevant offers to encourage progression.

Lifecycle analytics in practice

Using session analytics, a travel company sent a discount offer to everyone who abandoned the site hoping to bring them back. With lifecycle analytics, the company could see that shoppers almost always left the process one or two times and came back five to seven days later; with some additional research they realized this was because the buyer had to check calendars, and coordinate with other family members. Once they realized this, the company addressed that need directly to keep the prospect engaged. Rather than sending out a poor-performing offer that ate into their margins, they added "Save this trip" and "Email me this" trip options to make it easy to remember and return to the itinerary. Along with this information they sent value-add content such as Best Places to Eat and Family Reviews to motivate completing the purchase. As a result, the company improved conversion rates with less discounting.

Leading organizations use lifecycle analytics to shorten digital sales cycles by influencing customer progression through macro and micro conversion cycles. They can quantify the business impact of customer conversion struggles across multiple devices by analyzing multiple sessions, and understand the impact of marketing campaigns on single and multiple buying cycles. Together, lifecycle analytics helps you understand customers' behavior across time and devices, giving you the insights you need to increase customer loyalty.

83% of businesses
don't have a good understanding of why site visitors don't convert[1]

70% of shoppers
carting an item don't complete the purchase[2]

Tip 2: Customer experience is king: Make sure you experience it

Of course, site problems are unavoidable in an e-commerce site offering thousands of products. In fact, less than half (49 percent) of US adults said their experiences using websites on desktop/laptop computers are excellent. That number drops to 25 percent on tablets, and 18 percent on smartphones. In retail, two thirds of the customers who experienced an issue left or went to a competitor's site[3].

Digital analytics is great at identifying issues—a large number of customers dropping off at a certain page, for instance. But, it's equally important that you can quickly get to the "why" behind those issues. Speed matters—for every hour that a site issue goes unrecognized, businesses sacrifice significant revenue.

In today's always-on environment, a superior customer experience is a key way to differentiate from the competition. Qualitative site analytics helps identify and correct problems that derail customer interactions and satisfaction by providing deep insight into the customer experience—as they see it. With complete session capture, you can replay sessions in which customers experienced problems, giving you insight into what the customer actually experienced, rather than relying on IT to try to re-create the problem. This gives you the details you need to fix problems that are causing user struggle fast.

Customer experience analytics in practice

By capturing online session details, a financial services company was able to share valuable information with their contact center agents, shortening call times and delighting customers. A customer tried to transfer funds online but encountered a problem and called the contact center for additional help. The contact center agent was able to access that customer's web session, see that they were trying to transfer funds, and see that the customer was unable to follow the instructions for adding a new recipient account. Not only did the contact center agent have information that enabled them to better help the customer resolve their problem, but they were also able to share concrete feedback with the web development team that would improve the user interface.

Beyond swiftly identifying and correcting site issues, analytics enables you to address key questions surrounding customer behavior: Why do more customers abandon the credit card application on the second step rather than the first step? Why are customers searching for products multiple times and still not adding items to the shopping cart? The ideal solution gives you the full context to analyze customer behavior and understand why a given user did or did not complete a process successfully on your site.

93% of decision makers say a good customer experience is a strategic priority[4]

2/3 of retail customers who experienced an issue left or went to a competitor's site[5]

Tip 3: Mobile is the new norm: Make it count

Customers expect the same level of service on every channel, which means that businesses need to work harder than ever to ensure the online and mobile experiences they provide meet the standards customers expect. In fact, some may argue that expectations for a mobile experience exceed expectations for the web. A negative mobile experience is no longer an option for businesses that want to retain customers.

With a mobile app or a mobile website, mobile interactions are often the first interaction a consumer has with a company, and often influence whether or not the consumer makes a purchase. Mobile devices account for nearly 20 percent of site sales heading into the 2014 holiday season, according to IBM Digital Analytics Benchmark data, highlighting the urgent need for businesses to go all in for mobile. As noted above, most companies are failing to provide a quality mobile experience: only 25 percent of tablet users and 18 percent of smartphone users said their customer experiences are excellent.

Just **25%** of tablet users
rate experiences as excellent

That number drops to **18%**
for smartphone users[6]

Meeting Mobile Customer Expectations
Learn strategies for improving the mobile customer experience.

Because the mobile experience is highly variable (users can pinch, zoom and change orientation) and the screen size is typically smaller, creating an excellent customer experience is particularly challenging. To do it right, smart businesses are leveraging mobile behavior analytics.

Mobile behavior analytics provides deep insight into why a specific customer may not be converting based on her unique experience. You can see exactly what the customer experienced, down to where she pinched and zoomed (or tried to), when she turned her device from portrait to landscape and what displayed on the screen at any given time.

With this detailed insight, businesses can identify customer struggle, proactively address issues and deliver an outstanding, differentiated mobile experience.

Mobile behavior analytics in practice

Using digital analytics, a bank was able to tell that they had low conversion for loan applications from individuals using their Android application. But, they didn't know why. Using mobile behavior analytics, this bank was able to identify specific sessions in which users failed to convert, and replay the session as the user experienced it. They could quickly and easily see that the "Next Step" button rendered incorrectly, making it difficult for Android users to see where they should take the next step. With this insight, they were able to quickly address the issue and increase response rates.

Understanding aggregate performance of mobile engagement is increasingly important. As marketing and e-commerce leaders increase the number and sophistication of personalized mobile campaigns, it is important to track, analyze and optimize your results in the mobile channels as part of your overall omni-channel execution.

Tip 4: If at first you don't succeed, try again: Serve specifically targeted content

You court customers through social media, email, website personalization and paid search advertising. You invest time and money to prompt a visit to your site, yet while you're reading this paper, a number of customers who carted items and were proceeding through checkout suddenly ended their sessions. Conversion averages less than 3 percent, while shopping cart abandonment is around 70 percent or above, according to IBM Digital Analytics Benchmark data. While cart abandonment will always be a fact of life in online retail, smart customer engagement teams leverage analytics to take action to entice the would-be buyer to return.

Retargeting cart abandoners and browsers with email and display ads lets you issue a friendly reminder to shoppers of your great products and brand. Retargeting is one of the most effective techniques in the digital marketing toolkit, delivering double-digit and triple-digit gains in clickthrough and conversion, enabling you to recapture revenue that would otherwise be lost. Keys to success include:

- Advanced segmentation to pinpoint the right shoppers with the right message (for instance, product-specific or brand-level communications; email, display ads or both)
- Intelligent automation that relieves overworked teams of manually managing retargeting campaigns
- Out-of-the box integration with syndicated ad networks and email service providers to enable broad reach and timely delivery of your communications
- A/B testing with variations of content, imagery and outreach channel helps you identify the best formula for success.
- Continuous measurement and optimization to control and improve results from your retargeting efforts

Retargeting in practice

An online retailer was able to harness their digital analytics data and retarget shoppers through online display ads and email. A shopper who had carted an item and left the site without purchasing would now see ads for this item on third party sites as they navigated across the web. Likewise, the retailer was able to send an email to this shopper with an offer designed to draw them back to complete their purchase. Ads that were part of the retargeting campaign netted a 15 times greater ROI than generic ads. This email campaign yielded a 68 percent higher click through rate than standard emails.

Over time, more consumers have come to accept and even welcome retargeting as part of their web experience. With shoppers averaging more than five brand interactions before making a purchase, according to IBM Digital Analytics Benchmark data, be sure you deliver helpful prompts along the consumer journey to help capture the sale.

Retargeting ROI
wehkamp.nl, the Netherlands' largest retailer, has seen 271 percent higher sales-per-send ratio with retargeting emails and 15x greater ROI with retargeting display ads compared to generic banner ads.

Tip 5: Know where the money goes: Invest your marketing dollars wisely

Let's say your customer engagement efforts are an outstanding success. You're driving traffic to your site, you're building strong customer relationships and the returns are rolling in. Do you know exactly which part of your marketing spend is driving this success?

Ignorance is not necessarily bliss. It's important to attribute success or failure to specific channels—email, paid search, display ads, mobile communications, social media and more—to adjust your budget allocations and resources according to what's working and what's not. A mature digital marketing attribution program enables you to:

- Measure your marketing performance with clear, customizable metrics like sales, orders and views
- View the data through multiple windows so you can understand which campaigns and tactics drive customer acquisition, which drive progression and which drive conversion
- Assess the impact of impression-based investments—ads and content that your audience sees but doesn't click on
- Apply consistent metrics for a true apples-to-apples evaluation of marketing performance
- Track the individual customer journey across multiple digital touch points, from email to website, mobile apps and social media

Sound marketing attribution can be a competitive differentiator, as many marketers—perhaps your competitors—continue to rely on crude single-session or first-click/last-click metrics to size up how an individual channel is performing. Measuring campaigns and interactions by silos can generate misleading results, undermine overall performance and lead you to misallocate marketing spend.

Attribution in practice

A cloud solutions provider saw low conversion from their display ads on Facebook. They initially concluded that they should cut that budget significantly. However, those ads had raised brand awareness and prompted a large number of direct load visits to their website. With robust marketing attribution capabilities, they were able to measure the billboard-like payback from unclicked impressions.

Just **2.6%** of site visits
result in a purchase or
otherwise convert[7]

26% of retargeted shoppers
return to purchase, versus just
8% not retargeted[8]

Once you have mastered the basics, you may benefit from taking a more scientific approach with attribution modeling that statistically determines the precise conversion credit for every marketing asset.

As marketers take advantage of emerging channels and devices, measuring return on investment (ROI) from new investments becomes critically important. Drawing analytic insights from a growing range of marketing initiatives and interactions gives you agility to adjust techniques in real time, and helps you understand the customer journey as it progresses from initial exposure to repeat purchasing.

Marketing attribution: More relevant than ever
Explore how to measure marketing performance across multiple channels and campaigns.

How IBM ExperienceOne Understand Your Customers can help

IBM ExperienceOne Understand Your Customers provides unified views and analytics across all modes and channels of customer interactions, empowering you with actionable insight that reduces costs, fights churn, increases revenue and delights your customers. IBM delivers an integrated view of who your customers are, what they are doing, why they struggle and what they are saying.

Understand Your Customers is part of the IBM ExperienceOne portfolio of customer engagement solutions that enable professionals from marketing, merchandising, e-commerce and service to collaborate in the name of the customer to understand, engage and optimize the customer experience.

Today, you need to respond quickly and effectively to capture and retain your customers' attention. IBM solutions make it possible to capture and use insights into customer behavior and interests to drive personalized engagement through websites, mobile, email, display ads, paid search, social media and other digital channels.

Explore how IBM can help you turn your vision for personalized customer engagement excellence into reality.

For more information

To learn more about the IBM ExperienceOne Understand Your Customers solution, please visit: **ibm.com/experienceone** or call 877-426-3774.

1 IBM and Econsultancy, "Reducing Customer Struggle 2013,"
   June 2013.

2 IBM Digital Analytics Benchmark, August, 2014.

3 IBM ExperienceOne Understand Your Customers: The
   Digital Customer Experience (2014 Survey).

4 Forrester Research, "Navigate the Future of Customer
   Service," February 2013.

5 IBM ExperienceOne Understand Your Customers: The
   Digital Customer Experience (2014 Survey)

6 IBM ExperienceOne Understand Your Customers: The
   Digital Customer Experience (2014 Survey)

7 IBM Digital Analytics Benchmark, September 2013.

8 National Retail Federation, "Cart Remarketing: The Secret
   Behind Online Conversion," blog post, April 2, 2012.

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