The Data-Sharing Disconnect

THE IMPACT OF CONTEXT, CONSUMER TRUST, AND RELEVANCE IN RETAIL MARKETING
THE DATA-SHARING DISCONNECT

EXECUTIVE SUMMARY:
There’s a major trust issue brewing between brands and consumers that is damaging customer loyalty and negatively impacting retailers’ ability to sell products and services.

Consider the opposing dynamics at play. According to new research from Boxever:

<table>
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<tr>
<th>62% of consumers don’t want brands tracking their location</th>
<th>BUT</th>
<th>61% of consumers want offers targeted to where they are and what they are doing</th>
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<tbody>
<tr>
<td>49% of consumers don’t want to share their personal information</td>
<td></td>
<td>56% of consumers want offers tailored to their interests and needs</td>
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The issue: consumers and retailers are at odds. Consumers crave tailored, personalized and value-added offers and communications from the brands they follow, but have been burned too many times by “superficial personalization” – retailers’ failed attempts at personalizing marketing offers, which often result in irrelevant noise and spam.
Clearly, a disconnect exists. The core of the problem is that retailers are not effectively leveraging the data they already collect, and are failing to create an experience that consumers truly see as valuable and personalized.

On top of that, Boxever found that only 2% of consumers believe that the brands they frequent and patronize know them extremely well – a shockingly low number in today’s customer-centric market.

This report – based on a survey of more than 500 online shoppers – provides vital information for retail, marketing and e-commerce executives seeking to advance and contextualize customer communications and marketing efforts. The survey offers insight on:

1. The devastating effects of poor marketing and customer communications
2. Crucial breakdowns in retailers’ marketing personalization programs
3. The marketing channels that consumers most prefer to receive offers and communications
4. Critical data for improving customer acquisition and conversion rates
5. Three strategies retailers need to implement now

Survey Breakdown
Respondents: 507 online shoppers
Timing: April 2015
Demographics: 53% female, 47% male
THE DEVASTATING EFFECTS OF POOR MARKETING AND CUSTOMER COMMUNICATIONS

Consumers get inundated with marketing emails and mobile offers every day from retailers – and most of what they receive can be classified as completely irrelevant to their needs and preferences.

In fact, Boxever found that, on average, nearly 60% of consumers receive at least six sales and mobile offers from retailers each day, with more than 15% of consumers receiving 16 or more offers daily.

Approximately how many sales emails and mobile offers do you receive each day from retailers

And despite sending a massive volume of communications and marketing offers each day, most retailers are struggling to get it right: More than 50% of consumers said three out of four offers they receive are irrelevant to their needs and preferences.

That’s a considerable number – especially considering the amount of personal data available to brands today. What retailers don’t realize, however, is that the communication strategy they employ is not only ineffective, it’s also having a negative impact on future sales, customer experience and loyalty.
For example, when consumers receive multiple offers from a company that are irrelevant and don’t meet their needs:

- **40%** are less likely to buy from that company moving forward
- **50%** are less likely to open the next offer that comes from that company
- **28%** are less likely to visit that company’s website

What impact does receiving multiple offers from a company that are irrelevant and don’t meet your needs have on you?

Even more damaging, when retailers inundate customers and prospects with irrelevant offers, they lose the opportunity to potentially ever market to that base again. In fact, after receiving numerous irrelevant offers:

- **59%** of respondents said they would unsubscribe from that company’s content
- **31%** indicated they would delete that company’s mobile app

### BREAKDOWNS IN MARKETING PERSONALIZATION

While retailers continue to invest heavily in big data, personalization, segmentation, and marketing automation, most are failing to use that data to effectively reach customers.

So what makes consumers ignore the brands with which they regularly engage and trust? According to Boxever’s research:

- **61%** said offers and communications that don’t correspond with where they are and what they are doing
- **56%** said offers and communications that aren’t tailored to their needs and interests
- **27%** said offers and communications that make them feel like the brand doesn’t know them
- **18%** said offers and communications that don’t distinguish between their work, personal and family needs

The challenge that retailers face is that no two people on a target marketing list are the same, and in many cases, the same individual is not even the same. For instance, on Friday, Jane Doe is at work and in need
of an upscale restaurant where she can entertain clients. The next day, Jane is with her three kids, and looking for a family-friendly scene. If a retailer, or in this case, a restaurant, wants to effectively market to her, it needs to go deeper than basic demographic and preference-based marketing and truly understand – and market to – the near real-time context of the situation.

UNDERSTANDING MARKETING CHANNEL PREFERENCES

Despite the widespread disconnect between retailers and their customers, consumers actually want brands to communicate with them. They just want relevant communications.

Interestingly, when asked to identify the preferred channel for receiving offers and communications, the three most popular avenues were email, in-store and direct mail – with email being far-and-away the most popular channel.

What is preferred channel for receiving offers and communications from the brands you follow?

![Chart showing preferred channels]

Despite considerable investments in mobile and social, both channels still lag behind traditional marketing methods as consumers’ preferred channels for interacting with brands:

- In fact, only 2% of consumers surveyed identified mobile as their preferred channel for receiving offers and communication, and only 4% prefer social.
- That said, millennials prefer mobile twice as much as the general population, and are nearly three times more likely to prefer social.

Those multipliers, however, are still quite small. Reaching millennials has been a top priority for organizations across all industries – with significant time, energy and resources being invested to uncover the best and most effective approach. Based on Boxever’s research, however, millennials are a lot like everyone else: email, direct mail and in-store are this generation’s preferred channels for receiving offers and communications.

One trend that does distinguish millennials is that their purchasing habits constantly change. In fact, while only 50% of consumers aged 45 and older said that their purchasing habits change based on where they are and what they are doing, that number jumps to 61% for millennials.
STRATEGIES TO IMPROVE CONVERSION RATES

With all this data at hand, the question remains: What can retailers do to improve conversions? Prioritize context and value.

Outside of price and discounts, the most influential outbound offers are those that add value to something the consumer is already doing or planning to do. The second most impactful type of outbound communication, according to the survey, is when an offer revisits a product or event in which the consumer has previously expressed interest.

Similar trends can be seen when consumers visit a retailer’s website. Outside of discounts and coupons, the most important factors that influence consumers to buy on a website are:

- A simple, intuitive and quick shopping experience
- On-page advertisements that are directly related to that visitor’s unique preferences
- Websites that introduce products or services that compliment or add value to what someone is already planning to buy or do

The research found that location-based push offers can also be valuable tools for retailers – but only when targeted at the right population. Of those survey respondents between the ages of 18-29, more than 50% said they would find location-based push offers valuable or extremely valuable, as long as they were timely, targeted, and within reason – which is true for only 32% of consumers who are 45 and older.
TAKING THE NEXT STEP: 
THE POWER OF CONTEXTUAL, VALUE-ADDED MARKETING

The onus is on retailers to reinvent their marketing programs. Where should they start?

Invest in real customer intelligence.
The days of personalizing offers based on high-level demographics are long gone, and continuing along this path will actually hurt, not help, brands. To be successful, retailers need to paint a real picture of the needs and preferences of each and every customer, and embed that intelligence in websites and all customer communications.

Prioritize contextual marketing.
Simply put: context matters. Needs and preferences change based on where someone is and what they are doing. If the marketing system used today can't identify and act on the context of a situation, the retailer is likely missing a substantial opportunity to acquire more customers, improve conversion rates and create a better customer experience and brand.

Make everything about the value.
Before sending a push notification to a user's app or blasting a marketing campaign to thousands of email addresses, think first and foremost about the offer: How will the customer benefit from this communication? The two most important factors impacting conversions are whether the offer adds value to something the consumer is already doing (or planning to do), and when the offer revisits a product or service in which the customer previously expressed interest. If current resources can't capture and leverage this type of information, find a platform that will.
TAKE THE NEXT STEP

For most insights on Boxever’s survey findings, check out the infographic here. And be on the lookout for a similar report specific to the travel industry, available this summer. To reserve your copy, click here.

ABOUT BOXEVER

Boxever’s predictive marketing platform helps travel retailers, such as airlines and online travel agents (OTAs), deliver personalized, 1:1 marketing experiences to their customers across all channels and at all stages of the customer lifecycle. Companies like Ryanair, Air New Zealand, eDreams ODIGEO, Tigerair, Wideroe, and more achieve higher conversion rates, increased revenue, and improved loyalty using Boxever’s SaaS-based platform. The company is headquartered in Dublin, Ireland, and its U.S. office is located in Boston, MA. Learn more at boxever.com or follow us on Twitter @Boxever.
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