

LEVERAGING ADVANCED ANALYTICS FOR SUCCESSFUL CROSS-CHANNEL MARKETING

How to transform customer data into actionable insight

The Components of a Successful Cross-Channel Retailing Strategy

1. Bring all customer data together across a multitude of touchpoints into a single repository to gain a 360-degree view of your customers.
2. Leverage technology to analyze that customer data at a finer level of granularity in order to gain actionable behavioral insight that can lead to an improved customer experience and more effective customer marketing.
3. Create and execute new business models and improve multichannel effectiveness for engaging with customers in real time.

Technology has altered where, when, why, and how customers shop. New options and influencers have changed customer habits and expectations and redefined the drivers of customer loyalty. With this change comes new opportunity—as well as many new challenges—for retailers.

The advent of the “multichannel-connected consumer” has changed the rules of retailing. Traditional RFM (recency, frequency, monetary value) models do not take into consideration the myriad of new types of customer data that now exists, gathered from a multitude of customer touchpoints and scattered across multiple, disparate systems.

Successful marketing to today’s consumers across multiple channels requires a holistic view of each customer and a new way of thinking to understand who your best customers are, what their buying patterns are, and how to best interact with and engage them, in real time. However, the ability to collect and consolidate vast quantities of customer data and turn it into actionable insight eludes many retailers today.

This paper discusses how to overcome the challenges of multichannel marketing with a channel-agnostic retail strategy that combines technology and best practices with a new way of thinking about your customers to increase loyalty, take market share, and generate revenue.

DATA, DATA EVERYWHERE

Marketing strategies can no longer be based solely upon knowing how often your customers shop in a retail store, what they buy on a given visit, or how much they spent on any particular day—data traditionally captured from a single point of sale (POS) transaction and stored in a single data warehouse.

Today’s customers shop across multiple, disparate channels—in stores, online, on their smartphones, and through call centers. They visit multiple websites to compare prices, research products, and read reviews. They share information on social media sites. These activities create multiple touchpoints and generate vast quantities of both structured and unstructured data stored in many different data marts, both internal and external.

In this new world of retailing, retailers need to consider all pieces of data in order to identify who their most valuable customers are, understand their buying patterns, and dynamically respond. But how do you collect all that data together into a single repository? How do you then process and analyze that data to gain valuable insight into your customer? How do you leverage that insight to make business decisions? And finally, how do you build and execute a strategy to deliver on those business decisions to achieve competitive advantage?

ENTERPRISE INFORMATION MANAGEMENT VERSUS TRADITIONAL METHODOLOGIES

An enterprise information management (EIM) solution combines tools, methodology, and processes to most effectively accomplish this task. Using this approach, you can design a data warehouse that is free of the traditional structures that impede agility. An agile data warehouse enables you to load and process massive amounts of structured and unstructured data with granularity; effectively align data internally and externally across customer touchpoints; and cleanse the data to optimize data integrity. You can then use advanced statistical and predictive analytics, structuring user queries on the fly, to surface actionable insight.

With an EIM solution, you create an interactive, dynamic environment that generates actionable information, which is what you need to make timely decisions, execute, and measure your results. Even more important, you can leverage realtime data to interact with customers at a critical moment via all channels available to you. For example, by suggesting a product, offering a discount, or simply greeting your customers—whether they are at a POS checkout counter, on your website, or on Facebook or Twitter—you have the opportunity to influence a sale and potentially increase transaction size.

At the same time, you are strengthening your relationship with your customers by helping them make smart decisions, demonstrating your ability to understand and meet their needs, and engaging with them using their preferred engagement model(s).

UNDERSTANDING AND REACHING YOUR CUSTOMER

Technology and data analytics, however, are only part of the solution. To truly understand your customer and successfully transform this insight into actions that deliver value, you need to:

- Understand all of the customer touchpoints available to you today and how to use them—email, e-commerce, call centers, social media sites (e.g., Facebook and Twitter), mobile devices, as well as the traditional POS, newspaper, magazine, radio, TV, and mail, to name a few.
- Understand the social fabric of your customers. How and when do your customers use these touchpoints and what is the value of these interactions (e.g., a review on your website, a conversation on Facebook, or a Tweet) to your business? Where do your customers go for information or to comparison shop before they purchase? Who or what influences them and via what channel? Who are they influencing—and how?
- Understand your customers' transaction patterns—buying and returns.

This information will enable you to answer a critical question: Who are your most valuable customers—and how can you leverage your knowledge of their preferences to retain or grow them? In this new world of retailing, they may not be the ones who spend the most money, but the ones who influence your top-spending customers or bring new business your way through their social networks.

WHAT WILL IT TAKE?

Cross-channel marketing encompasses people, process, and technology. It requires partners who not only have expertise in managing “big data” but also understand the unique challenges of the retail industry and who can help you create a strategy to address them. Whether you choose to implement a net-new enterprise information management system or enhance an existing data warehouse with advanced analytics capabilities, your initiative will require new skills. You'll need data architects to build your system, and data scientists who not only understand your business and your data sources, but can also perform the advanced analytics that you need to help guide your business decisions.

As with any initiative that intersects business and IT, organizational challenges will likely arise. Executive buy-in is therefore essential, as is cross-functional collaboration (e.g.,

across finance, store operations, marketing, and web teams). You may also need to address existing policies and procedures (for example, variable pricing across multiple channels, discounting restrictions or compensation schemes) that impede your ability to engage customers the way you now want—and need—to.

GOVERN DECISIONS, NOT DATA

Technology has simultaneously complicated and created new opportunities for retailers. It has changed the way consumers think and buy, broken traditional chains of loyalty, and created new competitive playing fields for retailers—and, in the process, it has invalidated the traditional rules of marketing. It has also generated vast quantities of customer data that is overwhelming retailers who are unable to harness it and create value from it.

Retailers who leverage EIM solutions and advanced analytics to collect this data, develop insight from it, and use that insight to interact with the customer at the moment of truth will realize greater customer loyalty, increased share of wallet and transaction size, reduced marketing costs, and increased competitive advantage.

TRANSFORMING INSIGHT INTO ACTIONS

Today's retailers must think differently not only about their customers, but about how they engage with them. To successfully leverage the valuable insight you now have about your customers, you must create new models and processes for interacting with them—on a realtime basis. These new models must be dynamic, and include ways of measuring the success of your interactions and feeding that intelligence back into the model, enabling you to make better, realtime business decisions as a result.

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