



The Top 5 Challenges for **Retail Marketers**

...and Overcoming Them with Individualized Insights

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Using Individualized Insights to Power Marketing



Welcome to the age of disruption—

defined by a steady influx of digital marketing where customers are bombarded daily with new, interruptive, catchy marketing.

This new age also means retail marketers can do better than “mass personalization.” They can use actionable information—individualized insights—collected via a data-driven marketing process.

With the explosion of big data from all corners of business, retail marketers are recognizing the inherent benefits of an integrated, centralized view of customer behavior and deep analysis of marketing performance. As retailers’ efforts focus more on driving sales through e-commerce and customer experience, businesses are realizing significant improvements with a data-driven approach. Marketers have seen response rates dramatically improve over previous campaigns, using the real-time messaging that data-driven marketing provides.

Today, marketers can take action by using individualized insights that can only be realized with a data-driven marketing strategy. You can understand customers as individuals—each have their own preferences and behaviors—and can provide meaningful experiences based on that knowledge. To manage the customer journey, retail marketers need to evolve from traditional “waterfall”



email and direct mail campaigns to calibrating and delivering planned campaigns, interactive messages and data driven messages. And this is only possible with integrated marketing tools that coordinate communication to deliver relevant interactions with each individual customer when, where, what and how they want.

Retail marketers are facing five key challenges standing in the way of connecting with their always on-the-go customers.

Understanding the Customer Journey and **Using Relevant, Contextual Messaging**

Understand the Sales Cycle and Building Compelling Messaging

An important tactic of an individualized marketing strategy is real-time marketing, where the retailer can boost revenue by contacting customers according to their behavior or responses to previous communications. This table shows effective ways to achieve results with real-time marketing and

underlines the vital importance of gathering data about individual customers at every opportunity.

The following table shows what kinds of data can be collected at each stage of the sales cycle, along with the types of marketing communications that can be used to act on that data.

Sales Cycle Phase	User Behavior/Available Data	Maintaining Customer Engagement
Information Gathering	Geolocation	Specific offers and news relevant to the geolocation, e.g. only available at regional stores
	Looking for information on the retailer website, e.g. FAQ or help	Guidance on how to use the web site and other ways to obtain requested information, e.g. call center or support via email
	File download	Customer satisfaction survey (referring to the download) and promotion of additional services
High Interest	Browsing special offers or "sale" category of the retailer online shop	Additional special offers, discount vouchers, and other rebate campaigns
	Browsing in a high-margin category without purchase	Promotion of the respective category with incentives to purchase, e.g. discount voucher or free gift
	Heavy use of the search function without purchase	Promotion of products found (including alternatives), showing product USPs, and outlining the safety of the purchase process
Ready To Buy	Cart abandoned (shopping started, but not completed)	Promotion of the product category with purchase incentive, e.g. discount voucher for this category or future purchases or free gift
	Cart abandoned after discount voucher code has been entered	Instructions on how to use/enter discount vouchers
	Cart abandoned after credit card data has been entered	Information highlighting the safety of the purchasing process in your online shop (e.g., supported by security seals)
	Cart abandoned after shipping cost has been displayed	Offer for free shipping if cart value exceeds a certain amount

Managing the Data Explosion

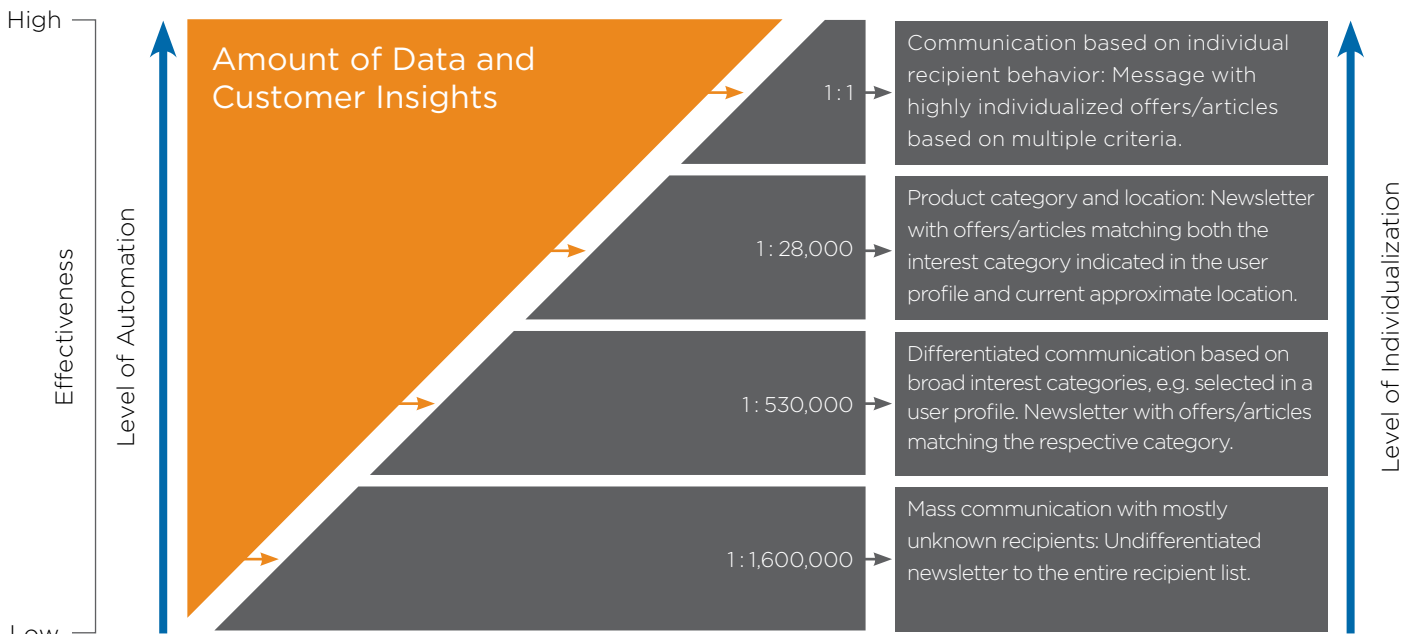
And Using it to Create Individualized Interactions



Retailers have an opportunity to take advantage of the increasingly large amounts of customer data. This calls for solutions that can manage and analyze data from a central hub to understand a customer's preferences and behavior from all communications and interactions. No longer can the classical store-centric database give a full overview of a customer, due to the use of multiple, channel-specific point solutions that duplicate data and cause many integration issues.

It is more efficient to centralize all interactions, not just transactions, including social media and browsing, and using centralized real-time analysis to deliver planned outbound communications, as well as to capture real-time intelligence from customers. This approach enables retailers to gain valuable individualized insights from all their data and use them to drive compelling and timely offers to customers.

One-to-One Marketing Delivers Content Tailored for Each Customer



► Using more automation is directly correlated with a higher degree of individualization. This is absolutely key in the age of disruption.

Analyzing Your Marketing

Analyzing Success, Identifying Barriers, and Moving Forward

Powerful marketing analytics can help you understand more clearly exactly what worked and what didn't with your marketing. What were your top selling items? What exceeded sales expectations? What didn't work and why?

Your customers leave digital traces whenever they react to your campaigns, and these are vital to understanding the success of your retail marketing. Device data, email performance, geolocation, deliverability, unsubscribers and feedback, and conversions are all the starting points for thorough analysis. The only way to integrate and understand whether or not your marketing is working is to really dive in and analyze it.

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CASE STUDY

Making Sure the Shoe Fits

A major shoe retailer runs a hugely successful data-driven strategy based on emotional connections. For example, when store managers wanted to send thank-you notes to the top 25 customers at each store, they used data gathered from multiple touch points to help them quickly and easily exceed customers' expectations. Thanks to personal touches like that, the loyalty program drives 88 percent of the company's total revenue.

By relying on a Teradata data-driven marketing solution, the retailer was able to integrate more data across more channels and take its loyalty program to the next level. "We've gone from No.5 in market share to No.2. Just one interaction after another, base hit after base hit. It's a strategy based around emotional connections enabled by data," says the retailer's Executive Vice President and Chief Marketing Officer.

Understanding (and Accepting) That **Your Customer Dictates Everything**

Customer Experience Rules

With customers looking for more from their shopping experiences, retailers are increasingly focusing on delivering the best customer experience, not just adapting their products and delivery systems. This demands that retailers understand what the customer is really interested in and focus on it by providing additional information, followed with individualized offers. As described above, gaining the necessary insights into customer experience takes the collection of data from multiple channels and analyzing this as a whole, not simply responding independently to feedback from each channel.



Such analysis can lead to a surprising level of individualized insight, such as recognizing that a transaction may not necessarily be the result of a one-off purchase, but be a part of a wider project. For example, the purchase of hardwood flooring may be a result of a building project with further purchases of more flooring a couple of weeks later. Recognizing such patterns enables the retailer to offer extra information and to upsell additional items for an easy completion of the project.

Hand Over Your Brand— It's the Customers

Organizations have spent millions of dollars building strong brands. Traditionally marketers have been the ones in direct command of managing customer touch points and shepherding messages. Now, the voice of the customer is amplified like never before.

“Letting go” does not mean “giving up.” The challenge today is to embrace your customers, value the increased exposure and harness social media’s enormous potential, while being conscious of the fact that every message will be reinterpreted and commented on in ways that cannot be controlled. In fact, how companies respond online can make or break their public image — their brand — in today’s social media-driven world.

It’s about realizing your customers have access to a plethora of channels and 24/7 access to them. One estimate predicts that *by 2017, 2.5 billion people worldwide will use smartphones — providing instant outlets for observation, opinion and debate.

While today’s successful retail marketers recognize their brands are increasingly controlled by customers, some would argue this has always been the case. Brands have always ultimately been defined by the discussion around them — but customer voices are more readily and easily amplified now than ever before. When you plan your marketing management, take into account that whatever you do, it will have the potential to spread like wildfire.

¹ <http://www.emarketer.com/Article/Global-B2C-Ecommerce-Sales-Hit-15-Trillion-This-Year-Driven-by-Growth-Emerging-Markets/1010575>

Moving Beyond the Numbness of **Personalization** to **Individualization**

Forget Personalization, It's All About Individualization

Traditionally, digital marketing communications has depended on mass sending the same content to many people. But today, with the rise of intelligent automation and access to more information on customer preferences, marketers are approaching the long-promised ideal of one-to-one marketing in which each customer gets content tailored individually for them. This approach is far more efficient and effective, but is only possible with good customer data and genuine individualized insights. Capturing customer data at every opportunity is vital in order to deliver highly relevant messages whenever possible.

In addition to this plethora of delivery options, customers are becoming increasingly savvy in their expectations of how marketers handle their data. They're saying, "I've shared my information with you, now prove that you know me." **Years ago, mass personalization was innovative and fresh. Today it's standard fare for any marketing campaign.** In fact, some experts feel that personalization is making consumers numb—**only 14% of consumers said they would read a message because it contained their name** (Economist, 2014).



Individualized Insights enabled by data-driven marketing allows marketers to respond to the need to move from personalization to individualization. It is the strategy of collecting and connecting large amounts of online data with traditional offline data, rapidly analyzing and gaining cross-channel insights about customers, and then bringing those insights to market via highly individualized interactions tailored to the customer, at their point of need and in real-time.

Data-driven marketing enables the kind of individualized insights that form a collaborative bond with customers. Marketers no longer need to spam customers with irrelevant messages—you should now truly connect with them to deliver the offers they need.

CASE STUDY

Danish Retailer Doubles Response Rates

While a Danish retailer had already segmented its customer database according to previous purchases, it was still sending out the same offer to everyone. In order to increase the response rates on its offers, the retailer decided to deploy more individualized communications using next-best offers in real time, synchronized across several channels. By analyzing a shopper's purchasing behavior and applying predictive models for the

customer's willingness to respond to an offer, Teradata was able to help the retailer deliver individualized offers on smartphones, on receipts, via its price verifier, over the Web, with email, and at its kiosks. The process used an automated feed of offers from source promotion systems to create a new range of offers each week. The impact was startling, with doubled response rates compared to non-optimized offers during the same period the previous year.

Conclusion



The retail industry has experienced astounding changes over the last few decades, which have consistently aimed to deliver greater efficiency for the company and a better experience for the customer. Predicting future innovations is almost impossible, but focusing your resources on overcoming these five challenges facing retail marketers is a good place to start to prepare.

Retailers all over the world are using data-driven marketing that drives individualized insights to great effect, building closer customer relationships and capturing new business. Future developments in digital marketing will continue to drive change in the retail industry as companies deploy more, highly integrated data-driven campaigns. Using an integrated marketing management platform to power your retail marketing is the way of the future.

Many retailers struggle with disparate marketing processes and systems. To successfully engage with today's savvy connected customers, retail marketers need an integrated marketing system that allows them to improve their marketing processes, deliver individualized interactions and optimize customer contacts across channels.

The Teradata Integrated Marketing Cloud enables you to power your retail marketing. You gain the insights to know more about your marketing, the agility and tools to drive action, and manage your brand so that customers experience holistic, pleasurable experience every single time.

For more information on how Teradata Marketing Applications can power your retail marketing strategy, please visit marketing.teradata.com.



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