



# Individualized Insights Bring Retailers Closer to Their Customers

How to Deliver Individualized Omni-Channel Promotions



We power marketing.

05.15 TERADATA INTEGRATED MARKETING CLOUD

TERADATA

## Table of Contents

- 3 Executive Summary
- 5 Market and Trends
- 12 The Challenges
- 16 Reaching the Customer
- 25 The Power of Data-Driven Marketing
- 30 Future Trends
- 32 Conclusion

## Power Your Marketing with the Teradata Integrated Marketing Cloud

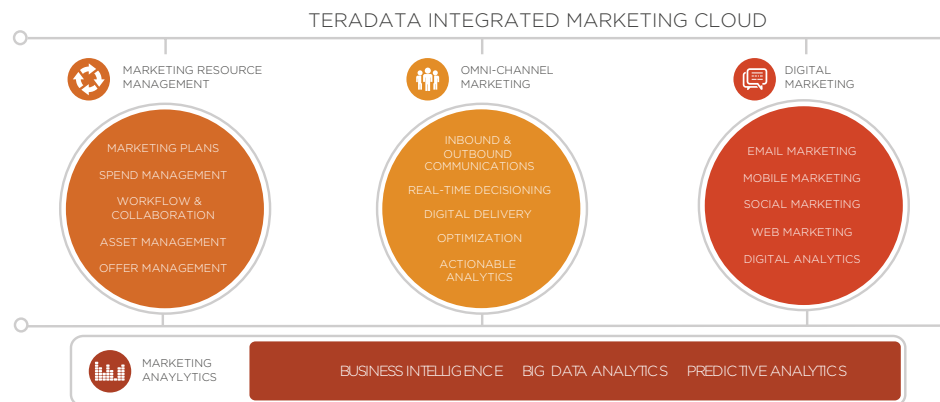
Achieving the individualized insights needed to ignite your marketing starts with the Teradata Integrated Marketing Cloud, the critical component in gaining a centralized view of data from marketing initiatives throughout the organization. Simplify marketing through holistic, deep and actionable individual insights. Empower efficient processes through our integrated and flexible platform.

Deliver customer engagement through dynamic, real-time experiences.

Teradata Integrated Marketing Cloud enables you to power your marketing. You gain the insights to know more about your marketing, the agility and tools to ignite action, and you can free up resources to improve brand management.

Teradata Integrated Marketing Cloud powers your marketing in four ways:

- **Marketing Resource Management**  
Optimize your marketing spend, processes and content.
- **Omni-Channel Marketing**  
Accurately segment and reach out to your customers with a high degree of individualization through outbound and inbound interactions.
- **Digital Marketing**  
Successfully interact with customers across digital channels.
- **Marketing Analytics**  
Understand customer behavior even better and draw the right conclusions.



**We power marketing.**



Executive Summary

## Data-Driven Marketing Helps Retailers to Continue Innovating

Retail is one of the most competitive sectors in terms of mindshare, so retailers have always had to innovate to improve the customer experience and boost their revenues. Today, with the prevalence of online communications, email, apps, push messaging, and social networks, the retail industry is undergoing profound changes that demand even greater innovation from retailers.

Customers entering a brick-and-mortar store expect an all-encompassing experience from awareness to purchase. They are often supported by sales assistants in the store and compare prices between retailers, eventually buying

a product from one. Today, more channels influence the decision process, there is more transparency, the brick-and-mortar store is just one of many channels for interaction and presentation of products, the overall experience is much more complex to fulfill.

The explosion of social networking and digital channels has significantly changed purchasing behaviors. Now, customers increasingly conduct research and read reviews online before visiting a physical store. Various price-comparison services may also help to identify an online site offering a better price for the same product.

In many cases, free shipping and free returns offered by online competitive sites add to the pressure for brick-and-mortar stores.

## New Opportunities for Retail

As digital technology continues to develop, retailers must match their marketing communications to the changing needs of customers. The phenomenal popularity of smart mobile devices is a good example of the new opportunities that retailers can tap into.

Marketers in the retail sector have access to a tremendous amount of customer information. They can track purchase behavior, as well as identify customers through loyalty programs and on e-commerce platforms. Data-driven marketing uses this information to identify individualized insights across different channels and implement more efficient marketing campaigns that will increase conversion rates and sales.

Data-driven marketing also helps retail marketers to streamline operations, reduce costs, and target investments to where they will generate the greatest rewards. Cloud-based solutions that offer data-driven marketing as a service provide additional flexibility, as well as ongoing access to the latest updates and innovations in an extremely cost-effective, on-demand format.

Retailers all over the world are using data-driven marketing 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.

Consumers, are now constantly connected to the internet. This always-on shopper is now expecting to be able to engage, interact, and shop anytime, anywhere.



## Market and Trends





## Retail Continues to Grow

The retail sector generates about \$15,000 billion in annual revenue.<sup>1</sup> Steady growth is likely as greater disposable income globally leads to increased consumer spending, which will drive the world's retail market to hit a predicted \$20,000 billion in 2017 with a Compound Annual Growth Rate (CAGR) of 3.9 percent from 2012 to 2017.<sup>2</sup>

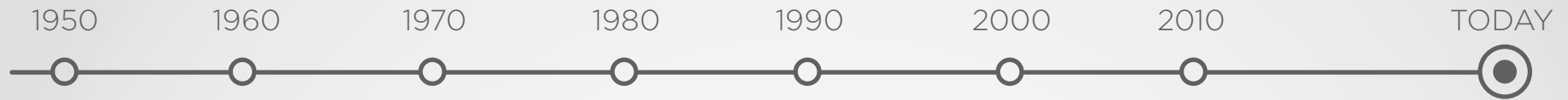
## Retail Is Consistently an Early Adopter of Trends

Retail is nothing if not resilient. The industry has consistently innovated to deliver better shopping experiences and meet the changing attitudes of customers. In the 1950s, Sainsbury's introduced the first self-service stores in the UK. The 1970s saw the rise

of convenience shopping with the introduction of huge shopping malls and hypermarkets, while the new century offered consumers online shopping and shopping through social networks. Today we are seeing the sector transform again, this time with the adoption of data-driven marketing in which retailers move towards one-to-one marketing and connect more closely with their customers through individualized insights and tailored customer experiences.

Yet customer behavior is changing even more rapidly, with the adoption of digital technologies, especially mobile, creating big, new challenges. The smartphone now enables a customer to research and shop anywhere at any time.

# The Transformation of Retail



## Transformation Phase

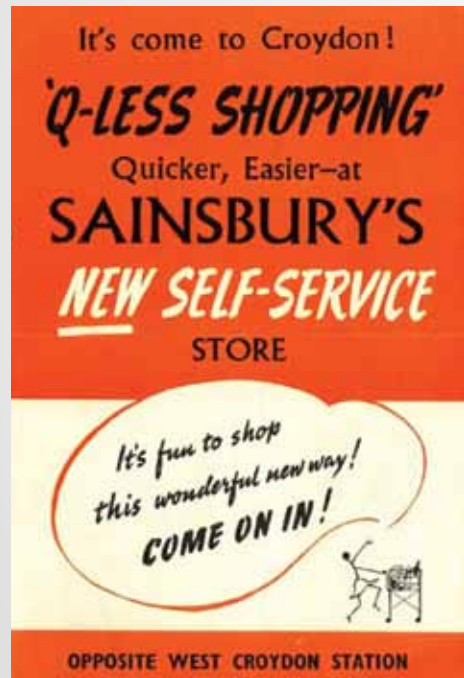


Figure 1. Retailers have been highly innovative over the years, finding new ways to deliver better shopping experiences and meeting the changing needs of their customers.

## Customers Are More Empowered than Ever

In 2013, smartphones outsold conventional feature phones globally for the first time. People now have abundant information at their fingertips and they are using it while shopping.

As people spend more time online, e-commerce continues to show strong growth and is predicted to do so for years to come. In 2012, the global e-commerce market stood at \$1,058 billion. In 2017 that figure is predicted to have grown to almost \$2,400 billion.<sup>3</sup>

So it's little surprise that online retailing has been growing at an average of more than 18 percent per year globally since 2010, compared with sales growth through other channels at just 1.3 percent per annum. Online sales now account for 4.0 percent of retail's total, up from 2.2 percent back in 2007.<sup>4</sup> Non-store retail is predicted to account for 12 percent of the overall US retail marketplace for non-automotive goods by 2020.<sup>5</sup>

However, physical stores are in terminal decline. One of the fastest growing areas is click-and-collect, in which orders placed online can be collected by the customers at convenient times and locations. The future retail reality involves physical stores as an integral part of the sales process alongside a powerful digital presence, a model that has been dubbed 'clicks-and-mortar'.

Retailers are increasingly working towards a seamless customer experience, for example by using the online store to display information about a product's availability in a physical store.

The phenomenon is global, with the UK currently the most developed online market, followed by the US, Germany, France, the Netherlands, South Korea, Japan, Switzerland, and the Nordic markets.<sup>4</sup> By 2020, online sales in China could reach \$650 billion, matching the combined size of today's French, German, Japanese, UK, and US markets.<sup>6</sup>

## The Rising Influence of Information Available Online

- 61 percent of shoppers in stores believe they have access to more information about products than store associates<sup>7</sup>
- Nearly two in five online consumers in the US follow retailers on one or more social-networking sites<sup>8</sup>
- 41 percent of consumers actively use mobile apps while in stores<sup>9</sup>
- 43 percent of US adults have participated in showrooming<sup>10</sup>
- 65 percent of US shoppers research products and services on a PC and make a purchase in-store<sup>11</sup>
- 34 percent of customers have made a purchase using their mobile phone compared to 19 percent in 2011<sup>11</sup>
- 71 percent of customers expect to view in-store inventory online, and 50 percent expect the ability to buy online and pick-up in-store<sup>12</sup>
- By the end of 2015, 50 percent of information on new customers will be based on social network identities. In 2012 it was less than 5 percent<sup>13</sup>

“Customers want to combine pure online with visiting stores. Stores have a big role to play.”

– Mark Lewis, Head of John Lewis online<sup>14</sup>



## Some Key Drivers of Retail Business

### Customer-Centricity

In recent years, customer-centricity has become a focal point for many retailers. That's because customers respond strongly and positively when they feel a retailer has taken the effort to understand their needs and tailor their offers accordingly.

### Channel Convergence

Mobile technologies, social networks, and the rise of online shopping make it much harder for a retailer to influence and retain a customer throughout their shopping experience, because it is difficult to predict which channel they will use next. Retailers must find ways to take advantage of a future that is omni-channel and cross-channel. Physical stores and e-commerce become mutually supportive, with social media and mobile access to the Internet strongly influencing customer buying decisions. Integrating all channels into their strategic marketing is becoming essential for any retailer aiming for success. In fact, retailers who have implemented successful omni-channel solutions report omni-channel consumers spending three times more than single-channel consumers.<sup>15</sup>

### Digitization and Individualization

Innovative digital technologies open up a host of new opportunities for retailers to communicate and influence their customers. We continue to see loyalty programs (a powerful retail weapon for many years) moving into the digital world and retailers taking advantage of the ability to differentiate their customer communications by using data and analytics to leverage individualized insights to create personalized offers.

### Customer Service Excellence

Omni-channel marketing solutions helping retailers to serve customers better and more efficiently, for example by improving the self-service model with scan-and-go systems. Retailers are also able to gain deeper intelligence about the experiences of their customers and are able to react quickly to counter dissatisfaction, for example by monitoring social networks closely and reacting quickly.

## CASE STUDY

### Perfume Chain Smells Success at the Point of Sale

In an initiative to generate new leads, a German perfume chain worked with Teradata to introduce an easy way for customers to use their mobile devices at the Point of Sale (POS) to sign up for the retailer's newsletter. The aim was to take advantage of customers' higher attention at the POS to encourage them to subscribe by sending a simple mobile text message. An automated welcome message confirms the subscription and acts as a means to obtain the customer's marketing opt-in permission.

The campaign proved to be effective at bridging the gap between the POS and digital marketing, achieving significantly improved sign-up rates for the newsletter.

## Current Trends in Retail Technology

The application of advanced processing and communications technology is changing the way retailers gather insights into customer behavior. This enables them to deliver more appealing and more convenient shopping experiences.

The following innovations have already been introduced by numerous retailers and are producing solid results.

### Sensor Movement

Some retailers are implementing shopping carts that track the customer's movements through a store. This allows the retailer to identify how fast the customer is moving, what route they follow, how long product selection takes, and in what order goods are selected. The shopping cart may also be able to read the data on a customer's loyalty card and recommend certain products or highlight promotional offers.

### Shopping Path Analysis

Many retailers, especially large stores and shopping malls, have already implemented technology to analyze shopper movements by tracking their mobile phone signals.

### Heat Mapping

Analyzing the locations at which customers spend the most time browsing or choosing their purchases is being achieved with in-store heat mapping. This enables stores to identify hot spots, dead areas, and bottlenecks and find ways to optimize store performance, enhance customer service, and improve marketing and promotion. However, any tracking by retailers of consumer behavior is subject to local privacy laws in each country.

### QR Codes

QR codes provide a quick way for smartphone users to gain access to Internet-based information and the technology is being adopted in-store. One company uses QR codes to allow customers to trace the origin of fruit and vegetables, while another applies QR codes to jeans so customers can scan the code to get their desired size delivered to a changing room ready for them to try. Other uses could include detailed product information being made available to customers without the interaction of a sales person.

### Social Shopping for Groceries

Combining the worlds of social networking and retailing can provide a personalized grocery shopping experience for customers. Pioneered by Foodie.fm, the approach uses a recommendation system to learn about a user's eating and shopping habits and then suggests recipes and ingredients as a shopping list.

### Individualized Offers

Individualized pricing based on a consumer's shopping data has been used to provide real-time pricing online for some time. The technology is now moving into the physical store thanks to advances in mobile technology. Electronic shelf labelling allows a store to adjust product pricing to stay competitive. The technology could also enable a customer who has checked in from a mobile device to get a individualized experience as they walk through the store, based on their purchasing history. Also, customers might receive attractive discounts for purchasing a product immediately.

### Mobile App-Based Scanning

Another mobile-based innovation is mobile scan-and-go, in which shoppers download an app that allows them to use their smartphones to scan goods and pay for them at payment-only checkouts, skipping lengthy lines.

### iBeacons

iBeacons offer in-store communication via a small wireless device that continuously transmits to smartphones and tablets. Apps and location-based features can be triggered on nearby devices to inform the customer about special offers or to provide other information of interest such as a store map.

### Applications

Dedicated retail apps focus on the interests of the customer. They help to avoid other information or competitor links distracting the customer. Such apps can massively contribute to the customer profile.

### Customized Handsets

Taking the idea of dedicated apps one step further, subsidized handsets with installed retail apps can benefit both customers and retailers. While the customer gains a subsidized handset that displays the latest discount offers, the retail business gains valuable customer data (complete with marketing permission) that shapes the customer profile.

QR codes can be used to offer detailed product information to shoppers





## The Challenges



## Adapting to the Digital Age

The increasing sophistication and wider adoption of new technologies, particularly social media, is creating highly empowered shoppers.

Showrooming is a good example of new challenges that retailers face, in which a customer visits the physical store to view and handle a product, but then seeks a better price online using their mobile device.

The phenomenal rise of social networking is exerting a powerful influence on how customers shop. Customers are constantly in touch with their favorite brands through social media and expect retailers to respond. In addition, reading a friend's experience of shopping in a particular outlet or of their opinion about a brand or product line can fundamentally alter a customer's purchasing decisions. A survey by Forbes found that 81 percent of US respondents said that friends' social media posts directly influenced their purchase decision.

The term Digital Darwinism has appeared in the media to describe the growing challenge for businesses of people's unhindered access to online information and tools, not just to express themselves in social media but to create game-changing connected consumerism. The premise of Digital Darwinism is that society and technology evolve faster than the ability of many brands to change. Only those companies that listen and adapt rapidly to customer engagement will survive, the remainder will suffer extinction.

While some retailers try to deal with the challenge of showrooming by banning in-store photography of any kind, this irritates many consumers and does not prevent price comparisons. A better approach is to use new technology to create relevant offers that can add real value for the customer; offers so good they become irresistible. According to a survey, 40 percent of shoppers have made an unplanned purchase because of information they received in-store after scanning a QR code or texting to a provided number.<sup>16</sup>

### 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 relevant 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.

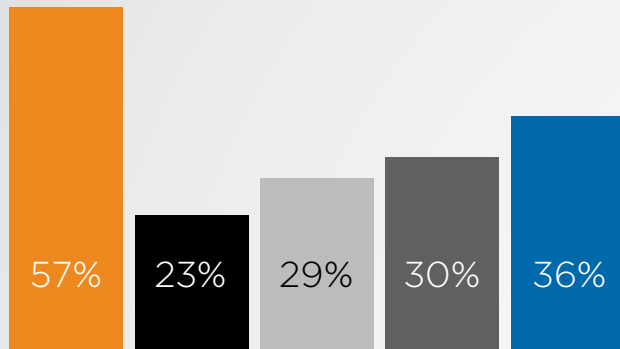
The impact was startling, with doubled response rates compared to non-optimized offers during the same period the previous year.

## The Growing Trend of Showrooming

One-third of customers leave and purchase from a competitor.

### Tips for Today's Retailers: Engage Consumers

A high percentage of consumers welcome price matches and individualized offers like these:



- Price Matching
- Item shipped to my home directly
- Better customer service in the store
- Loyalty points from the retailer
- Personalized coupon to purchase

Respondents were able to select more than one option.

Harris Interactive on behalf of Aprimo, surveyed 2,025 online adults in the U.S.

### Challenges

Challenges with today's consumers

More than 50% research online prices using a smartphone while in a store

1 in 3 who research prices leave and purchase from a competitor

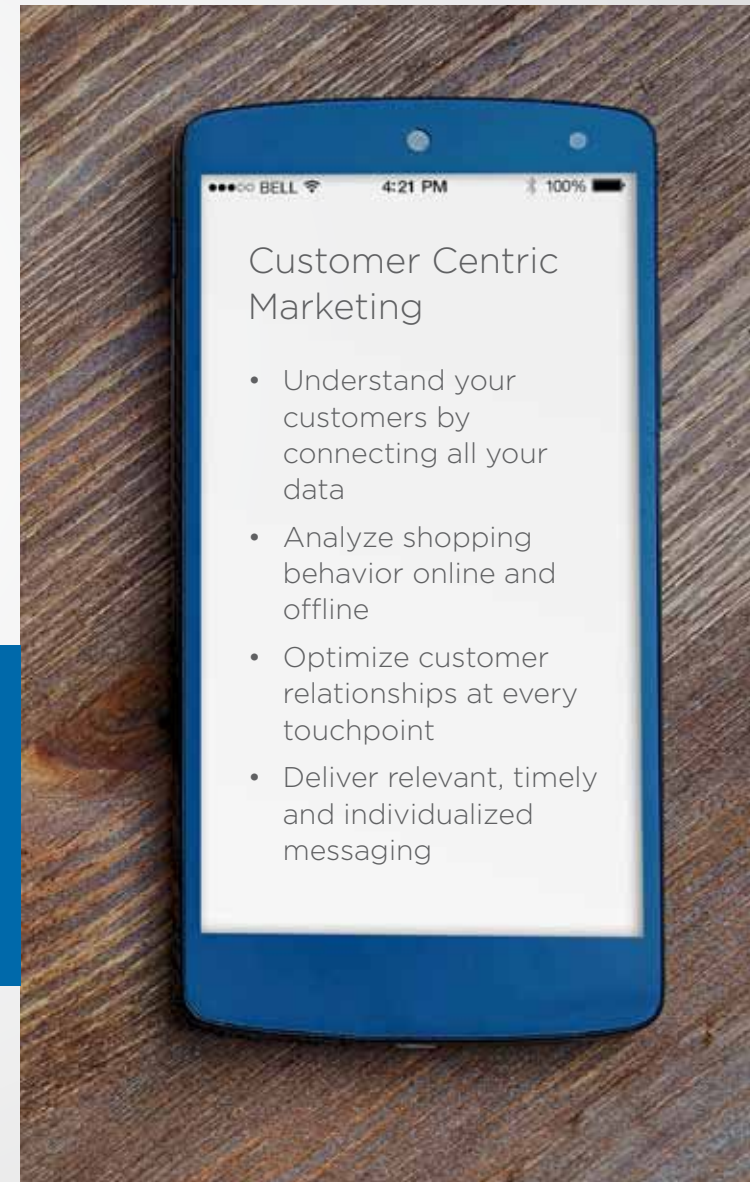
96% of smartphone owners say they plan to "showroom" in the future

- 18 percent purchased the product they were researching at another store.
- 15 percent purchased the product they were researching from a different website.

### One in Five Consumers are now "Showrooming"

The practice of visiting retail stores to try products, but then checking a mobile device for the best price online.

November 2012 research by Teradata in collaboration with Forrester Research.



"The antidote to showrooming is creating contextually relevant and personalized mobile experiences that motivate and influence customers to take notice and make purchases. If retailers don't establish personalized mobile strategies, they'll increasingly face unengaged consumers who will continue to browse in-store and buy online from competitors."

- Jack Philbin, Co-founder and CEO of Vibes

Figure 2. Engagement with customers over the mobile channel helps to tackle showrooming.

## Managing the Data Explosion

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.



### CASE STUDY

## Retailer Boosts Sales with User-Generated Content

A large UK retailer of home products wanted to tap into the power of social networking by introducing a product review section on its Web site. The company identified email as the key channel to help achieve this goal.

Teradata devised an automated email program, whereby customers who purchased products on the retailer's Web site were sent an email two weeks after a purchase was made.

The email thanked customers for their purchase and gave the opportunity to review the purchased product. An advanced automated data program was used to create dynamic content so that each email was unique to each individual depending on what products had been purchased. The aim was to drive online sales of reviewed products and to help the retailer understand how customers feel about the products after purchase.

An initial target was to generate 209,000 product reviews in six months. In the space of just four months, 203,095 reviews had been generated.

"We generated hugely impressive click-through rates of over 34 percent and open rates of almost 25 percent thanks to the relevancy of the campaign," said a spokesperson for the retailer.



Reaching the Customer



## 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 we have seen, 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 as 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.

## Moving from Broad Brush Communications to One-To-One Marketing

On average, companies are attributing 23 percent of their total sales to the email marketing channel, compared to 18 percent in 2013. This equates to a proportionate rise of 28 percent in just one year.<sup>17</sup>

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, we 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.

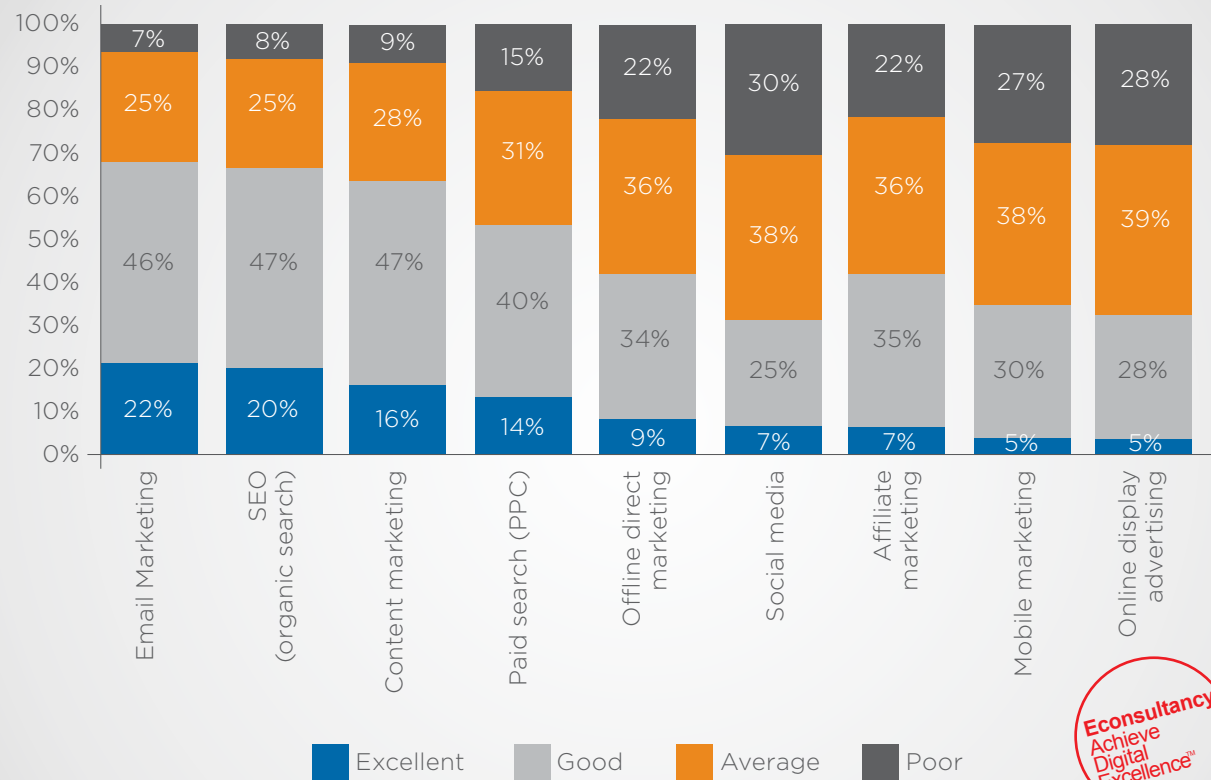


Figure 3. Email is the most successful form of digital marketing. In its Email Marketing Industry Census 2014, Econsultancy asked company respondents: "How do you rate the following channels in terms of return on investment?"



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

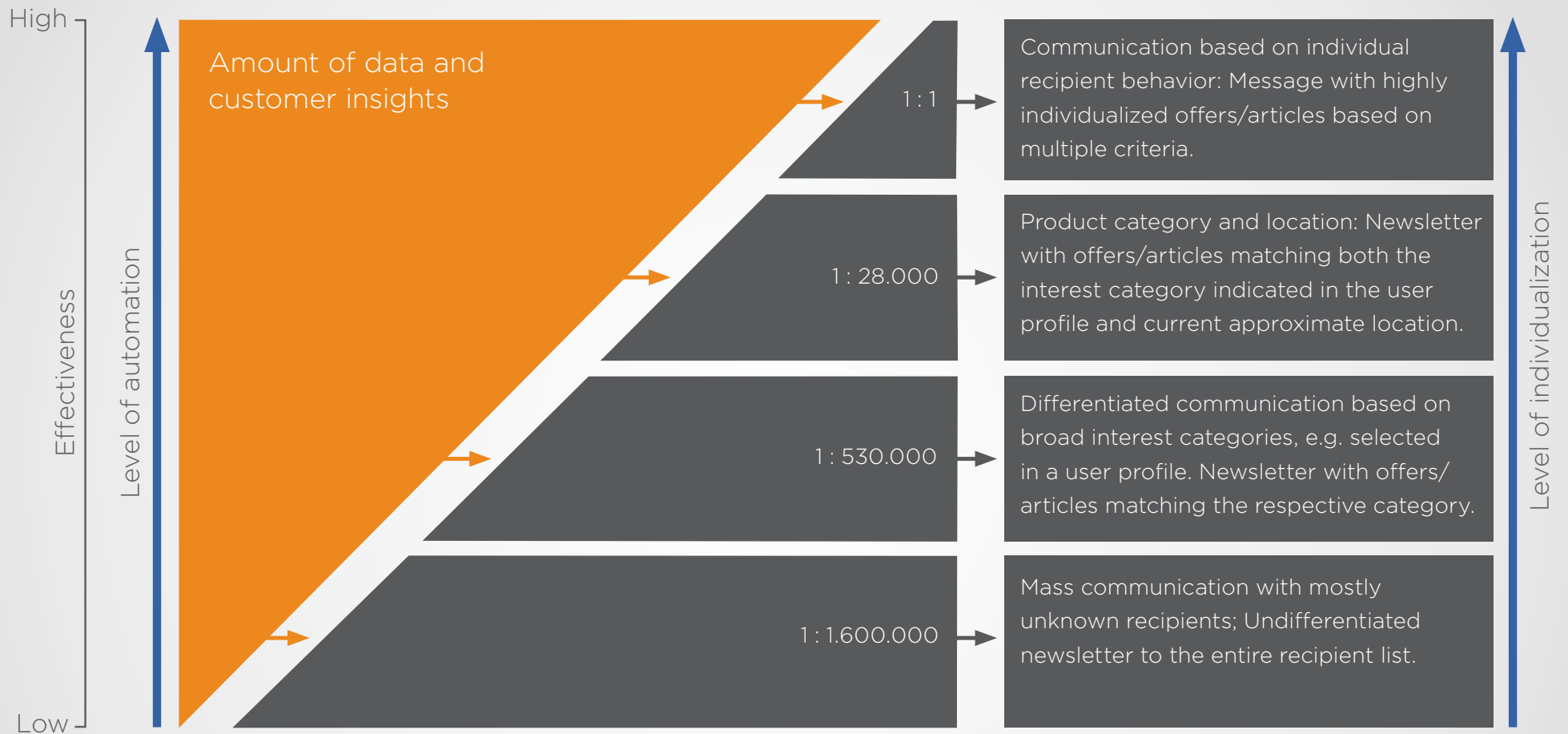


Figure 4. With greater insight into customer behavior and increasing automation capabilities, digital marketing is evolving from the conventional model of sending the same message to all recipients, to individualizing the content sent to each customer – the so-called ideal of one-to-one marketing.

## CASE STUDY

# Intelligent Segmentation Helps Increase In-store Bookings and Revenue

A leading home enhancement retailer selling more than 38,000 home and garden products has more than 340 large stores throughout the UK and Republic of Ireland serving around 64 million customers a year along with a growing Internet offering.

The retailer provides a specialist kitchen offering and wanted to do more to encourage potential customers to consider it before making a purchase. The key aim was to identify email subscribers who had shown an interest in kitchen products, and once identified, to reach out to them more effectively.

The Teradata team suggested that better results from email could be generated by identifying recipients who clicked on kitchen-related links within the retailer's email campaigns, such as its newsletter. They were then put into a 'Kitchen Trigger' email communication program to send individualized follow-up emails.

The first of three follow-up messages in the program aimed to get subscribers to consider the retailer's kitchens. 'Kitchen Trigger Message 2' focused on generating appointment bookings through the Web site landing page.

The third email was designed to reinforce the message of the previous two emails. The third email's calls-to-action were to browse the kitchen range, book an appointment, and watch an in-store expert video to convert recipients who hadn't yet responded.

The campaign achieved an overall 48 percent of recipients booking in-store appointments to meet kitchen design consultants. With an average conversion from appointment to final purchase at approximately 40 percent, the retailer achieved a total project ROI of 45 times its initial investment and won additional annual revenue of more than £1 million (\$1.6 million).

## Building Individualization

One of the first aims of any retail digital campaign is to create awareness of the products and services being offered and to capture the potential customer's interest. It's also important at this stage to obtain information to build a personal profile.

Individualization doesn't just mean greeting customers by name at the start of the email. It's about using knowledge of each individual customer as a way to keep them engaged at every stage of their shopping experience.

Retailers have the means to talk to their customers as individuals and genuinely understand their buying habits; what brands they like to buy

and where they like to shop. Not only does this allow them to reach out to customers accurately, it also helps them to identify potential segments to approach.

The content of the communication should be personally relevant, valuable, and offer excellent usability, with clear and easy-to-understand language, good navigation on landing pages, and an effectively functioning shopping engine.

With today's advanced integrated marketing campaign solutions, creating individualized, relevant content for digital promotions can be straightforward and highly automated. Individualization can be achieved through tailored subscription and landing pages, customized subscription processes,

lead warming, and welcome messages. Recipients can be easily segmented to create highly relevant emails with automatically customized text and images.

Another powerful feature of a good solution is the ability to create personalized offers, discount coupons, or other vouchers that typically generate high open and click rates that convert into sales. Coupon codes can also be embedded as a barcode or QR code into a message. This allows customers to print the coupons or present them on a mobile phone in a retail store.

Furthermore, adding content from blog posts, Web site articles, product details and prices from an online site helps to keep the communication fresh and relevant for its recipients.

Once a message has been tested and delivered, feedback then needs to be collated to support further individualization. Once again, an advanced, integrated solution will simplify this by automatically processing incoming data to keep the contact list clean and accurate. This enables customer data to be continuously enriched by integrating contact details, customer lifestyle data, online behavior and transaction history to develop individualized insights about each customer. Unlimited amounts of data can be stored and accessed quickly in the cloud, including entire product catalogs, purchase and browsing histories, and more.

## Individualization Versus Privacy

Although individualized offers have to be balanced carefully with privacy, a survey by Accenture shows that consumers prefer individually relevant communications. Nearly half of all survey respondents were found to be receptive to their favorite brands using their tracking data to inform them about potential future purchases and make them aware of product availability.

When asked to make a choice, 64 percent of respondents said it is more important that companies present them with relevant offers against only 36 percent who say companies should stop tracking their Web site activity.<sup>18</sup>

## CASE STUDY

### Teradata Offers P&G Innovative Global Consumer Marketing Solution

Procter & Gamble saw that many of its consumers were spending a great deal of time online, and P&G sought a new way to engage with them in this space. P&G recognized the need to gain a deeper understanding of its 4.8 billion global consumers. That meant harnessing and unifying consumer data from more than 500 customer relationship management (CRM) programs around the world, with more than 70 in Asia alone.

The solution is '1, Consumer Place', a figurative street address representing a single, secure, and scalable global marketing platform, enabling coordinated, analytics-driven decision making for managing all of the company's codified consumer interactions. 1, Consumer Place offers a suite of capabilities that brands can use to analyze and act upon the latest data. Once best practices are identified, 1, Consumer Place makes it easy to spread their use to other brands within the company.

P&G can now track engagement for millions of consumers and billions of consumer behaviors and interactions. And it's working on using that data to tailor and individualize the company's digital content and marketing, for every brand, for every consumer, at every touchpoint.

Teradata database utilities collect and store consumers' personal information and behavioral interactions from Web site activities, email marketing, social media, and other sources. Next, the data is cleaned and standardized for easy, in-depth analysis. Teradata analytics tools make it easy to extract relevant information from even the largest datasets and marketers can access the data to create and execute data-driven marketing campaigns.

P&G seeks to build an individual relationship with every consumer that desires an engagement. "To do that, you've got to have a pretty big database," says P&G Associate Director Tony Hudnell. "We were confident in the ability of Teradata's product to grow with us, as well as help us tap into that database, segment out consumers, and then interact with them."



## Ensuring Email Works in the Mobile Era

The rise of mobile access to the Internet is changing the way customers make buying decisions, so retailers need to remain relevant on mobile devices or risk fading away.

Web sites and shopping tools need to be mobile-compatible and the customer needs to be able to easily read and consume messages on every device. For example, it is estimated that up to a third of all emails are opened on mobile devices.<sup>19</sup>

Templates must be designed for varying screen sizes, whether on desktops or mobile devices, even smart watches.

### CASE STUDY

## Real-Time Marketing Program Reaps Rewards

One of the UK's leading automotive and leisure products retailers was keen to move from a blanket email strategy to personalized emails. The two key aims behind this desire were to convert the increasing volumes of traffic on its Web site into sales and to re-engage customers who had abandoned their basket before buying.

The retailer engaged Teradata to help by creating a competition page on its Web site and to broadcast newsletters containing offers and product information to customers.

By sending highly individualized communications and offering basket abandoners three relevant other products, the retailer has achieved average open rates of more than 60 percent with click-through rates of up to 25 percent.

For example, both conventional email design and conventional Web design can be ineffective when transferred to a smaller, touchscreen device. Text can be illegibly small, or the user may have to scroll horizontally to see everything, which may provide a bad experience for the customer. Buttons may be too small or crowded together to achieve the desired action.

Smartphones are especially challenging. Not only do they come in various screen resolutions and sizes, they can also be tilted on the move. Some people want to read an email with the device held upright, in portrait mode, while others like to use landscape mode. In any case, readers want the message to adapt flexibly to their chosen screen orientation.

There are quick fixes to optimize email for both desktop and mobile devices, such as using a simple one- or two-column design template, using bigger buttons and font sizes, and using the pre-header that appears in the top few lines of the message to promote offers or key information that entice the user to open the email.

## Responsive Design Tailors Layouts to Fit the Favored Format

The most effective way to improve the mobile messaging experience for customers is responsive design. Applied correctly, this will adapt the layout, presentation, and functionality of content to the viewing device.

Responsive design comprises three main components:

- CSS media queries, which control the fluid design of your message
- Fluid media to control what is shown, such as images and buttons
- Fluid grids, whereby the email layout changes and columns drop at designated break points so the layout always fits the screen size

While responsive design will fix basic issues such as legibility and reduce the complexity of supporting multiple code bases or solutions for the mobile, it is not a magic bullet. The consistency of experience across devices is only one element of the overall success or failure of your customer engagement. The entire user experience across the whole journey (from QR codes, to App downloads, email to online) also needs to be considered.

### 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.

## Continuing the Customer Engagement

An important tactic of any marketing strategy is re-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 re-marketing and underlines the vital importance of gathering data about individual customers at every opportunity.

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 alternative 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 for just this category 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 purchasing 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

Figure 5. Retailers can take advantage of every stage of the customer sales cycle to maintain customer engagement.





The Power of Data-Driven Marketing



## Gaining a Single Customer View

The challenge extends beyond keeping track of the latest on-line hangouts. It's about customer-centricity and engaging effectively with customers in whatever form suits them, whether that's during Web-based transactions, via (location-based) mobile apps, direct marketing, or some other interaction.

Yet the experience of most marketers falls well short of this ideal, with 65 percent saying that silos within marketing prevent them from having a holistic view of their campaigns. What's more, just 36 percent of companies routinely use data to improve their customer interactions.<sup>20</sup>

At the same time, the pressure to monitor and account for marketing spend is growing. Marketers have to justify every investment.

Data-driven marketing is the key to meeting all these challenges by delivering the best possible customer experience across all channels. Data-driven marketing is the process of collecting and connecting large amounts of online data with traditional

offline data, rapidly analyzing and gaining cross-channel, individualized insights about customers, and then bringing that insight to market via highly-individualized interactions tailored to the customer, at their point of need, on the channel they prefer, and in real-time.

The growing multi-channel complexity of digital communications means that data-driven marketing must be part of the future for every successful publisher and media organization. Even so, many organizations prefer to start down the integrated marketing route one step at a time, initially choosing to adopt one or more data-driven marketing functions to suit their immediate business priorities, which might include cost reduction, improving efficiency, or maintaining customer loyalty.

With this in mind, modular, scalable marketing solutions grow and evolve along with the business. Cloud-based solutions that offer data-driven marketing as a service provide additional flexibility, as well as ongoing access to the latest updates and innovations in an extremely cost-effective, on-demand format.

Teradata Integrated Marketing Cloud Makes it Easier to Connect Through Individualized Insights



Figure 6. Drive customer interactions through insights, increase agility and efficiency, achieve greater revenue, architect greater experiences, and prove value to your customers, on-premises or in the cloud.



## CASE STUDY

### Never Saying Goodbye to Customers

A leading vendor of inexpensive fashions in Europe, offering everything from clothing, underwear and shoes to furniture and household items, has pursued an omni-channel strategy, a mix of catalogs, branded stores in Germany, Italy, Austria, and Switzerland, and e-commerce. Its online site has developed into the company's main sales channel, and is now one of Germany's Top 10 online shops.

The company turned to Teradata to help it address two key aims: to improve email open rates by reactivating inactive mail addresses, and to build customer loyalty by providing better delivery information.

To tackle the first aim, Teradata performed a reputation audit of the retailer's data in order to report on activity. It then created a number of test groups and established an automated list hygiene program in 12 countries to increase data quality and reactivate quiet email addresses. With regard to delivery information, Teradata merged data from various systems and created email individualization using the Teradata Digital Marketing Center with cloud-based storage.

The solutions achieved an increase in open rates of up to 5 percent, with more than 10 percent of email addresses being reactivated. In addition, shipping speed was improved, raising customer loyalty and increasing the potential for cross-selling products.

## Ignite Your Marketing with Teradata Integrated Marketing Cloud

The Teradata Integrated Marketing Cloud brings together the information a retailer has about its customers to help engage with them more effectively using individualized offers.

There are four core solutions within the Teradata Integrated Marketing Cloud:

- **Marketing Resource Management**  
To help you optimize your marketing spend, processes and content.
- **Omni-Channel Marketing**  
To accurately segment and reach out to customers with a high degree of individualization through outbound and inbound interactions.
- **Digital Marketing**  
To enable you to successfully interact with customers across digital channels.
- **Marketing Analytics**  
To help you understand customer behavior even better and draw the right conclusions.

## Teradata Integrated Marketing Cloud: We Power Marketing.

Teradata Marketing Resource Management helps marketers to streamline operations, reduce costs, and target investments to where they will generate the greatest rewards. Marketers can now:

- Plan, budget, and maximize spend for marketing activities and programs
- Create and develop marketing programs and content more efficiently
- Collect and manage marketing content and knowledge
- Measure, analyze, and optimize marketing performance

Teradata Integrated Marketing Cloud enables relationship marketers to get the information they need to make real-time decisions and predict how customers will respond, so they can:

- Design customer interactions
- Analyze and predict customer behavior
- Build the steps, assign collateral, and plan response for communication plans
- Execute real-time interactions across multiple channels
- Visualize and compare campaign results

### CASE STUDY

## Reaching Out to Customers and Boosting Returns

A major retailer that specializes in helping customers find the perfect gift or card, no matter what the occasion, wanted to apply a more individual touch to its marketing.

With a customized marketing platform from Teradata, the retailer can achieve a 360 degree view of customer behavior. Store owners assess shoppers on a wide range of attributes, including dollars spent, cards purchased, total transactions, and average spend per transaction.

Store owners can use complex criteria to build custom, own-branded content for timely engagement. By adding these customer contacts to the market media mix for analysis, the company is able to measure the revenue generated by its consumer touch points.

Although the Teradata solution is optional for store owners, 98 percent of the main stores use the technology.

Digital marketing driven by customer insights delivers increased click-through and conversion rates. You can:

- Automate messaging across multiple platforms for efficient lifecycle communications
- Measure and analyze results to fine-tune messaging strategies
- Connect with customers to build loyalty through individualized



## Future Trends

## The Future of Retail

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 the following techniques have been introduced recently by the most forward-thinking retailers, although their widespread adoption has yet to be seen.

### Interactive Virtual

Virtual stores that allow a shopper to use their mobile phone to scan barcodes and order goods for home delivery offer consumers a new level of convenience. One of the earliest examples is by Tesco which installed digital shop displays at UK's Gatwick airport in 2012. Travelers could order

groceries for delivery to avoid coming home to an empty fridge when they return from a vacation.

Another recent example is Peapod, which introduced virtual grocery stores in several railway stations across the USA. The virtual store provides billboards set up as larger-than-life grocery aisles on the train platforms where commuters can use the free PeapodMobile app on a smartphone or tablet to scan bar codes of the products they want to purchase.<sup>21</sup>

### Closer Social Media Interaction

Recognizing the influence of social networking, Brazil's C&A department store is putting real-time Likes counters on its hangers in its stores. The Like data is taken from C&A's social media pages, where the company has listed its various wares

for people to interact with. When a person Likes an item, that Like shows up on the hanger.<sup>22</sup>

### Smart Fitting

A technology to help customers find the right size clothing is finding increasing use with one of the first installations at Bloomingdales in New York. London-based Bodymetrics uses Kinect for Windows technology (the same kind of motion sensors used in Microsoft's Xbox 360 game console). The 16 sensors can capture objects in a 3D space and convert them into digital data, showing the exact shape of a customer's body and how clothes could fit on it.<sup>23</sup>

### Digital Mannequins

A number of stores are introducing digitally-driven virtual mannequins that allow retailers to display more

clothing and other products by changing outfits, perhaps to suit different crowds and weather patterns.

In addition, some smart mannequins are able to capture data from customers standing in front of them through the use of facial recognition (see below) and voice recognition technologies.

### Facial Recognition

Facial recognition software is becoming available in retail settings. The technology can analyze footage of people's faces as they enter a store, taking measurements that generate a numerical code or face template, which can be checked against a database. In the UK, Tesco is introducing similar technology that displays adverts relevant to a customer according to their age and gender.<sup>24</sup>

## Protecting Customer Data Privacy

The deployment by retailers of advanced technological capabilities, such as facial recognition, must be tempered by the need to comply with privacy laws and other relevant data protection legislation. In most cases it is essential that the customer's permission is gained before gathered data can be used in marketing. Each retailer needs to be aware of and comply with local legislation.

For example, US and European Union regulations permit the use of cameras for security purposes, though retailers need to put up signs in their stores warning customers they may be filmed.



## Conclusion

As the case studies in this guide reveal, retailers that implement well-planned, integrated marketing campaigns can substantially boost their success rates, with new leads and improved sales providing a rapid return on their marketing investments.

Although retail is a very diverse segment, the principles of good digital marketing can be applied by most businesses. By integrating its online presence and physical stores, retail enjoys many opportunities to deliver a compelling customer experience. The success of this will depend on a good understanding of customer preferences to drive individualized communications and tailored offers.

Retail has proven itself to be a robust sector that innovates and

these traits will help to ensure that it makes full use of the possibilities of integrated, data-driven marketing communications. Investments in this area have been shown to deliver fast, substantial results.

With Teradata Integrated Marketing Cloud you can make one-to-one customer connections easily from a single solution and know more about your marketing, your customers, and your business. You also gain greater marketing agility to do more with that data to improve results and drive revenue.

For more information on how Teradata Marketing Applications can help power your marketing, please visit [marketing.teradata.com](https://marketing.teradata.com)

“The technology of retail is changing fast and must be matched by advances in digital marketing. In particular, the rise of mobile is bringing about a profound transformation, with retailers able to deploy a marketing strategy that encompasses context-aware loyalty strategies as shoppers come in to a store, to mobile check-out capabilities as they leave.”

- Volker Wiewer  
Vice President International, Teradata Marketing Applications







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