

Five Tips for Powering Contextual Messaging

Blast marketing is dead. These five recommendations for sending context-aware messaging will target your customers where it matters most—their wallets

According to the National Center for Biotechnology Information, the attention span for the average U.S. adult is just eight seconds. It's even lower when people are checking their digital devices.

Savvy marketers know that the most effective way to capture a customer's attention is by delivering highly personalized and contextualized messages at exactly the right moment.

Still, in order to execute on contextual messaging, marketers need a complete view of a customer's recent omnichannel interactions combined with a full picture of her transaction history with a company, as well as current lifecycle status to deliver relevant messaging.

But it shouldn't stop there. Access to other critical insights—such as the customer's current location, the products or brands she's closest to at that moment in-store, current weather conditions (when applicable), and background information about her product interests and sentiment shared—can enable marketers to automatically deliver a highly contextual message that is likely to stoke fruitful engagement.

For instance, let's say a customer walks into a sporting goods store. From her browsing history and social sentiment, we know that this customer is interested in soccer and that she recently viewed information about soccer cleats.

Based on these insights, along with information about the customer's transaction history and lifetime value, the sporting goods store can send her an offer for cleats just as she's approaching the soccer section of the store.



JUST THE FACTS:

“The average attention span of the modern human being is about half as long as whatever you’re trying to tell them.” – Meg Rosoff, author

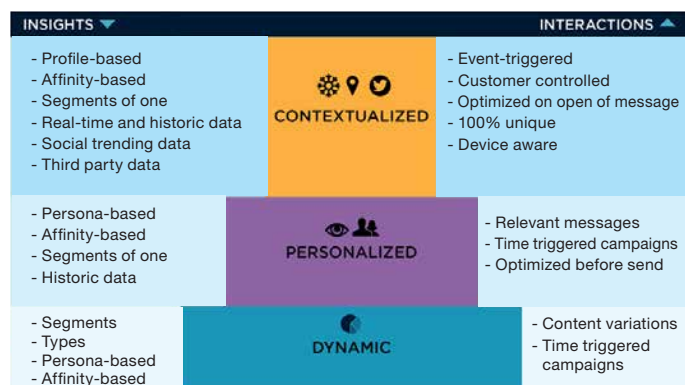
Unfortunately, most marketing teams don't have a complete view of their customers due to data silos that have arisen across the organization. In fact, the lack of integration between scattered customer data sources within most companies is so severe that in many instances, sales and marketing leaders don't even know when a customer has made a purchase.

“Customer data is all over the place and isn't set up for contextual messaging,” says Jess Stephens, Chief Marketing Officer at SmartFocus.

Today's customer expects personalized messaging to go beyond just addressing her by name. Marketers need to delight customers with contextual messaging that draws upon their location, the type of mobile device they're carrying, the current weather, and the time of day.

Marketers who are able to gather and act on the full range of historical and situational information that's available about customers are better positioned to deliver contextual messaging that's highly personalized, relevant, and timely. Marketers who are able to connect the dots on the customer journey strengthen their ability to provide the kind of highly engaging experiences that generate successful business outcomes.

The Hierarchy of Relevant Communications



These terms should by no means be used interchangeably.

Source: SmartFocus



Five Tips for Powering Contextualized Messaging

Personalization – what’s known about an individual consumer that can be used to provide her with relevant messaging – and contextualization – where a customer is in her journey at a particular moment – are what drive the customer experience. But context and personalization are only possible through the use of data.

To help marketers make better use of data and to provide customers with the contextual experiences they crave, we offer the following recommendations:

1. It’s all about context. It’s been said that if content is king then context is emperor. Understanding a customer’s behaviors, interests, location, and needs and how these can change over time are critical for marketers to deliver applicable messaging that resonates with each consumer.

Meanwhile, having a full range of customer data is great. “But it only provides value if marketers have the right tools to capture and act on meaningful customer insights,” says Stephens. This includes weaving together information about a customer’s product ownership, as well as the most recent channels she’s used to interact with the company. A contextual marketing engine can galvanize the full scope of a customer’s interactions with a company to create a customer profile that can be used for highly personalized and relevant messaging. It can also capture a customer’s channel behaviors and preferences to ensure that marketing messages are being delivered to the most appropriate touchpoint at the right time.

According to a study conducted by Deloitte,

Customer data is great. But, it only provides value if marketers have the right tools to capture and act on meaningful customer insights.

—Jess Stephens, Chief Marketing Officer, SmartFocus



including product feedback she’s received from trusted advisors. But, time, location, and environmental conditions can also have a powerful impact on customer attitude and should be used when customizing context-aware messages. That’s why it’s so critical to have a message engine that can adjust the context and information shared in customer messaging based on when the customer is actually viewing the message.

For instance, an email that’s sent by a retailer to a customer on a Friday isn’t opened until Monday. By then, the offer may no longer be valid or the product may be out of stock. Adjusting the content automatically when the customer opens the message ensures that the customer is receiving the most timely and contextual information.

Weather can also play a factor in both messaging and customer sentiment. Let’s say a home improvement retailer sends a customer an offer for an outdoor gas grill. If it’s raining when the message is opened, the customer would also receive an offer for a gas grill gazebo that he’d be more likely to consider given the current weather conditions.

3. Use virtual beacons to measure customer behavior not JUST in promotional zones, but throughout your store. Although many retailers have begun using physical beacons in conjunction with store apps for geo-targeting, there are several limitations associated with the use of these beacons. Physical beacons present an IT overhead challenge for both initial roll-out across an estate of stores, and maintenance as the beacons need to be moved and reconfigured as store and merchandise layouts continually change.

Retailers have also voiced a variety of concerns about physical beacons including short battery life, structural and electrical interference issues, Bluetooth limitations, as well as hardware failure, all of which can prevent beacons from connecting with customer smartphones correctly. This kind of poor customer experience can drive customers to simply delete the retailer’s app or switch off in-app notifications.

Virtual beacons are a responsive indoor mapping system that is extremely fast and highly accurate. They pinpoint the position of a customer from smartphone accelerometer and magnetometer measurements only, without physical beacons, equipment or Wi-Fi – the only required information is a digital floor map with virtual zones. So when a customer takes a specific action anywhere in the store, she receives a message containing an offer related to a nearby product or brand. Meanwhile, virtual beacons can also be used to send a customer a push notification at any position they might be within a store. This is a cost-effective, energy-efficient approach.

Building a Complete Customer Profile

As the following chart from a Ventana Research study illustrates, companies draw on a variety of data sources to analyze their customers. For marketers, the objective is to compile all of the data sources together to develop a single, comprehensive customer profile that can be used for highly contextualized messaging.



Source: Ventana Research, Next Generation Customer Analytics Benchmark Research, March 2014.

consumers are up to four times more likely to receive product information, check product availability, and make payments from mobile devices than they are to conduct these transactions with in-store sales associates. Yet many marketers are overlooking the criticality of incorporating a customer’s mobile interactions into their customer profiles (see sidebar, page 3).

2. Leverage all the customer data you have. A variety of factors can influence a customer’s decision to purchase,



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—Jess Stephens, Chief Marketing Officer, SmartFocus

4. Deliver a consistent, personalized experience seamlessly as your customer moves between physical and digital stores. Whether a customer is shopping online or in a store, the experiences she receives should be coherent and complementary. If a customer is browsing ladies' footwear online and that same customer then tries on shoes at a retailer's physical location, the retailer should be able to recognize the customer's journey and provide her with messaging and experiences that are contextual and relevant. Marketers can also leverage locational data and interactive communications with customers that connect with their mobile apps while they're in-store. According to the Interactive Advertising Bureau, roughly half of retail customers use mobile apps instead of the mobile Web to interact with retailers. As such, it's critical to connect with customers across the touchpoints they prefer to use.

5. Contextual messaging must be based on a value exchange. Research reveals that customers who

receive contextual messages including loyalty offers, exclusive content, or first views are five to twenty times more likely to convert, more likely to spend more than customers who haven't received highly relevant communications, and generate greater customer value over time. Customers who feel as if a company knows who they are and understands their needs are more likely to stay loyal to that company and increase the amount of business they do with that company.

For instance, one SmartFocus client OFFICE, a U.K.-based footwear retailer, uses contextual marketing to connect with its customers when they're visiting a store. Extending in-store purchase offers for new lines of shoes to customers who browsed for shoes online led to an impressive 78 percent open rate. Meanwhile, Astley Clarke, a luxury jewelry retailer, creates highly contextualized online messaging based on behavioral and transactional information and has been able to generate a 60 percent increase in its website conversion rate.

Why Mobile Matters More Than Ever

Consumers have gone mobile. By early 2014, mobile had exceeded PC Internet usage, according to a study by comScore, and mobile usage continues to trend upward.

Unfortunately, many companies are lagging behind their customers' mobile usage patterns.

For instance, less than 40 percent of retailers can detect if a customer is transacting from a mobile device while only 17 percent can identify the type of mobile device, according to a study by Kount. This prevents retailers from sending relevant in-store messaging to customers at the right time.

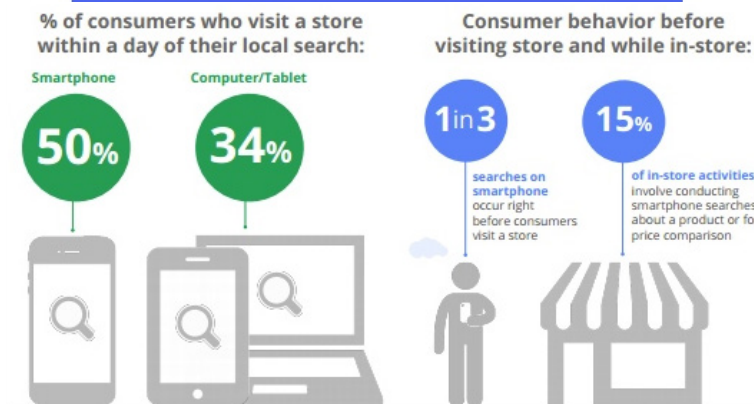
"Mobile is the primary hub for all customer interactions, including email, push notifications, Web, and mobile apps," says Stephens. "Identifying how each customer uses her mobile devices and what her interests are can be used by companies to help make it easier for her to purchase by showing her matching accessories and other useful information." As Stephens points out, marketers need to develop a solid understanding of how mobile factors into consumers' omnichannel customer journeys. For instance, a customer may first browse merchandise using her smartphone before making a purchase via the Web or in a store. Understanding what interests a particular customer based on prior purchases, browsing interest, social media sentiment, and other insights can enable a marketer to introduce a relevant offer at the right moment. This includes presenting a customer with an offer while she is approaching relevant merchandise in a store.

"Historical data must be combined with real-time data. Otherwise, you're only doing half the job of marketing to an individual customer," says Stephens.

Timing Is Critical with Customer Offers

Consumers have become ultra-reliant on their mobile devices to guide their shopping practices, including reviewing products and pricing while they're in or near a store.

CONSUMERS ACT QUICKLY AFTER THEIR LOCAL SEARCH



Source: Understanding Consumers' Local Search Behavior, Google, May 2014.

Getting Started

Customer data is scattered across the enterprise. This is making it extremely difficult for marketers to obtain a single, detailed view of each customer including purchase history, recent browsing experiences, social media posts, CRM and ERP data, and other pertinent information that can provide a well-rounded view of each customer's interests, preferences, and needs.

A contextualization engine can help marketers integrate this data, along with information about a customer's location, proximity to specific products, and current weather conditions, to provide each targeted customer with a highly personalized experience that's in the moment.

By the Numbers:

74% of customers become frustrated with websites when content appears that has nothing to do with their interests (Forrester Research).

81% of marketers believe real-time marketing increases customer engagement (Evergage).

47% of women would share their location in return for a \$5 store credit (GeoMoby)

Top benefits of mobile marketing cited by marketers include **immediacy (57%)**, **cost effectiveness (54%)**, **increased engagement (52%)** and **reach (49%)** (Interactive Advertising Bureau/Ovum).

"Delivering contextualized messaging is like setting the foundations of the house," says Stephens. "You need the right building blocks in place in order to get the job done properly."

As we mentioned earlier, today's mobile customer is providing companies with a torrent of information about browsing behaviors, product interests, and locations. These are essential elements for connecting with mobile customers at the right time with the right messaging when they are perusing products for possible purchase.

Still, as companies leverage the wealth of data about customers that's available to them, marketers have to be careful not to frighten customers with the level and scope of personal insights that have been gathered.

"You have to respect data policies in every single country you operate in and you have to use common sense to understand how your customers want to interact with you," says Stephens.

Marketers who are able to get this right can demonstrate to customers that they're in tune with customers' needs and interests by delivering highly relevant, personalized, and contextual messaging at the right moment.

SmartFocus is an innovator in messaging and communications, enabling the world's largest brands – including Nestlé, Mercedes-Benz, and House of Fraser – to understand and connect more closely with today's connected consumers; whether that be via web, mobile, email or social channels. Through The Message Cloud solution, SmartFocus genuinely listens to and learns from customers using patented algorithms and unique location-based marketing tools. Using The Message Cloud, SmartFocus customers have the rich data, intelligence and the tools for contextually unique engagements, through any digital channel.

For more information, please visit www.smartfocus.com

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