

Q4 2019

CUSTOMER ENGAGEMENT REPORT

MERKLE INSIGHTS

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EXECUTIVE SUMMARY



Thank you for joining us in the conversation about customer engagement.

Customer relationship marketing (CRM) has experienced vast change over the years. Today, brands are grappling to harness customer data at the enterprise level and leverage it to personalize the experience across channels. They are constantly seeking to deepen the relationship by engaging with customers where they are through people-based marketing strategies.

There's no pretending that customer engagement is easy. It requires the orchestration of strategy, data, advanced analytics, technology, campaign execution, and performance measurement. At Merkle, we've spent the past 30 years entrenched in our clients' CRM initiatives, supporting their aspirations, and championing their iterative achievements. We think it's about time we start to share our insights.

In our inaugural issue last quarter, we described how promotions can be used to increase your first-party data and enhance customer engagement, discussed the digital transformation required to harness the growing volumes of data that drive personalized experiences, and presented our personalization maturity framework for assessment and planning. Our survey research identified email as the channel most marketers are using to deliver personalization. When asked where additional budget would be spent, respondents identified data, analytics, and technology.

In this issue, we dig into more detail on the types of data that are used to enable personalization and the emerging tools and techniques that will drive ongoing improvements. We identify clear steps for brands to evolve from being "good" at personalization to being "great." We also discuss loyalty tactics that can be used to build a connected brand experience for the customers you acquire.

The case studies featured in this issue illustrate the kind of benefits we see when brands take a holistic approach to applying data to the personalization of customer experience. A leading athletic apparel brand used its loyalty program and a data-based approach for a more targeted customer experience to convert one-time purchasers to repeat customers. A major auto manufacturer used audience targeting to deliver relevant messages to customers across channels, resulting in increased acquisition and improved costs. Read on to view these clients' specific outcomes achievements.

We hope that our collection of research-based reports provides you with rich information and examples to make better business decisions in your people-based marketing journey.

A handwritten signature in blue ink, appearing to read 'Craig Dempster'. The signature is stylized and fluid.

Craig Dempster
President of the Americas Merkle Inc.

INSIGHTS

Our investigation of marketers' ability to deliver personalized customer experiences continues. In our previous issue, we reported on marketers' priority to invest more in data, analytics, and technology. In this issue, we focus particularly on data as the critical means to achieve personalization broadly across CRM and specifically within loyalty.

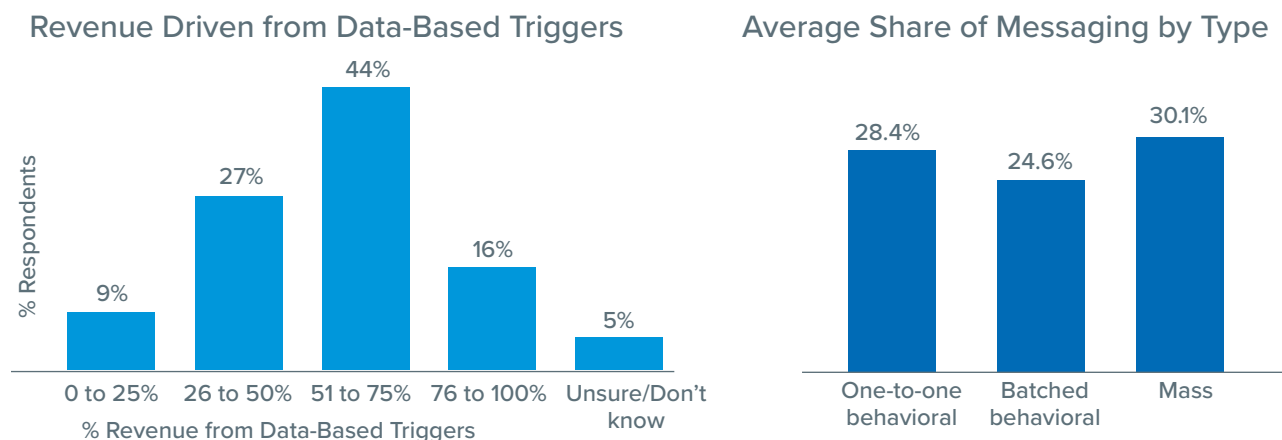
In our survey of 200 marketers at large North American brands, respondents reported that they are committed to delivering personalization today. They are reporting greater levels of personalization across more channels than we have ever seen before. The greatest level of variation is found in the types of data used to drive the customer experience and the channels in which the data is used. We also take a look at loyalty, in addition to examining channel variations.

Marketers Report Personalization Readiness

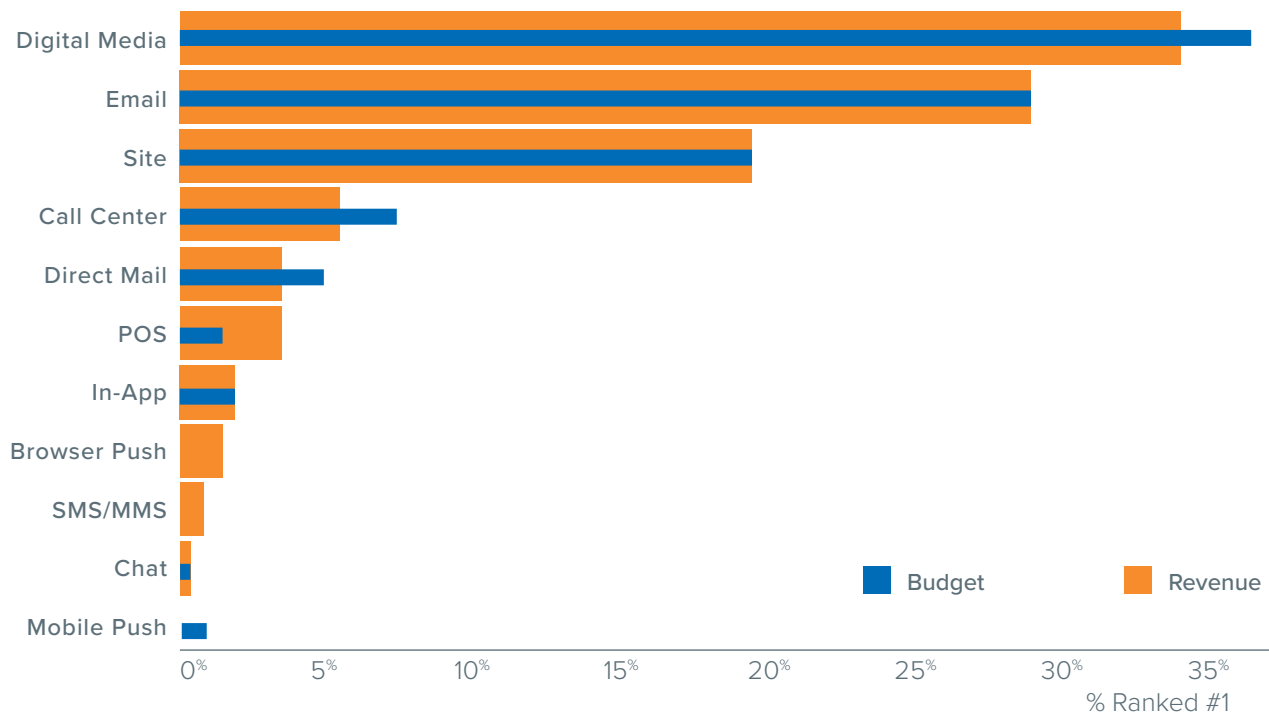
In Q4, marketers overwhelmingly report that they have the budgets, toolsets, and structures in place to drive personalized experiences across channels. According to our research, 86 percent of marketers have a defined budget to execute personalized messaging today.



Sixty percent of respondents reported that a majority of their revenue was driven by data-based triggers. The upside for using advanced tactics like one-to-one behavior triggers is significant. For example, retailers who use advanced tactics drive upwards of 17 percent more revenue than marketers that rely on more basic methods. Yet we found that only 28 percent of their messaging is based on one-to-one behavior triggers, revealing tremendous potential for improved results.

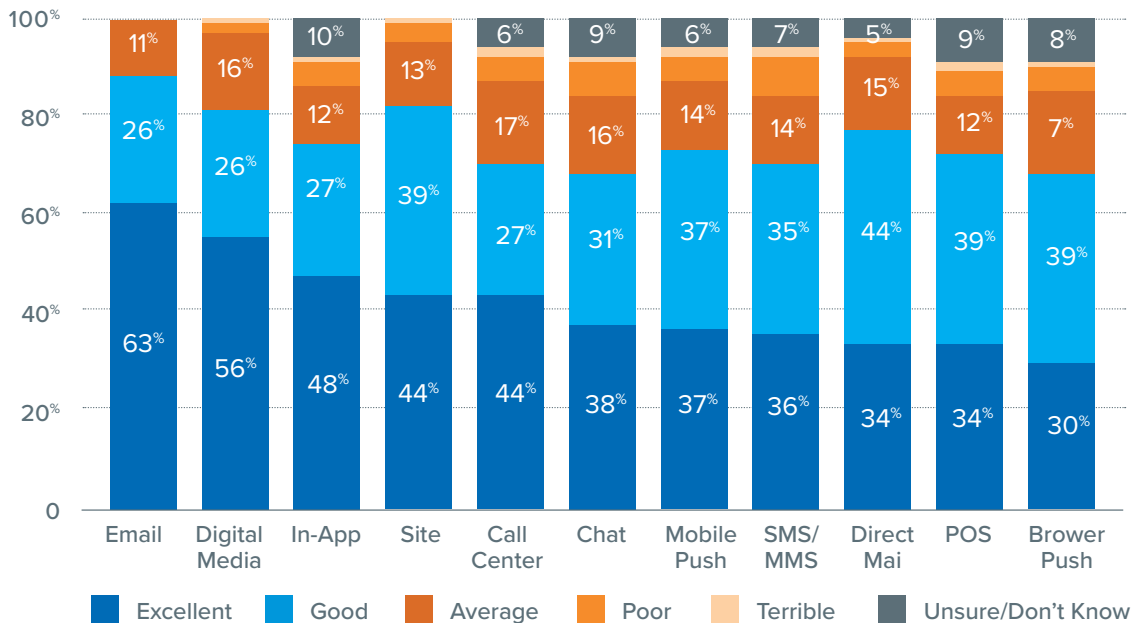


Revenue Contribution vs. Budget Allocation



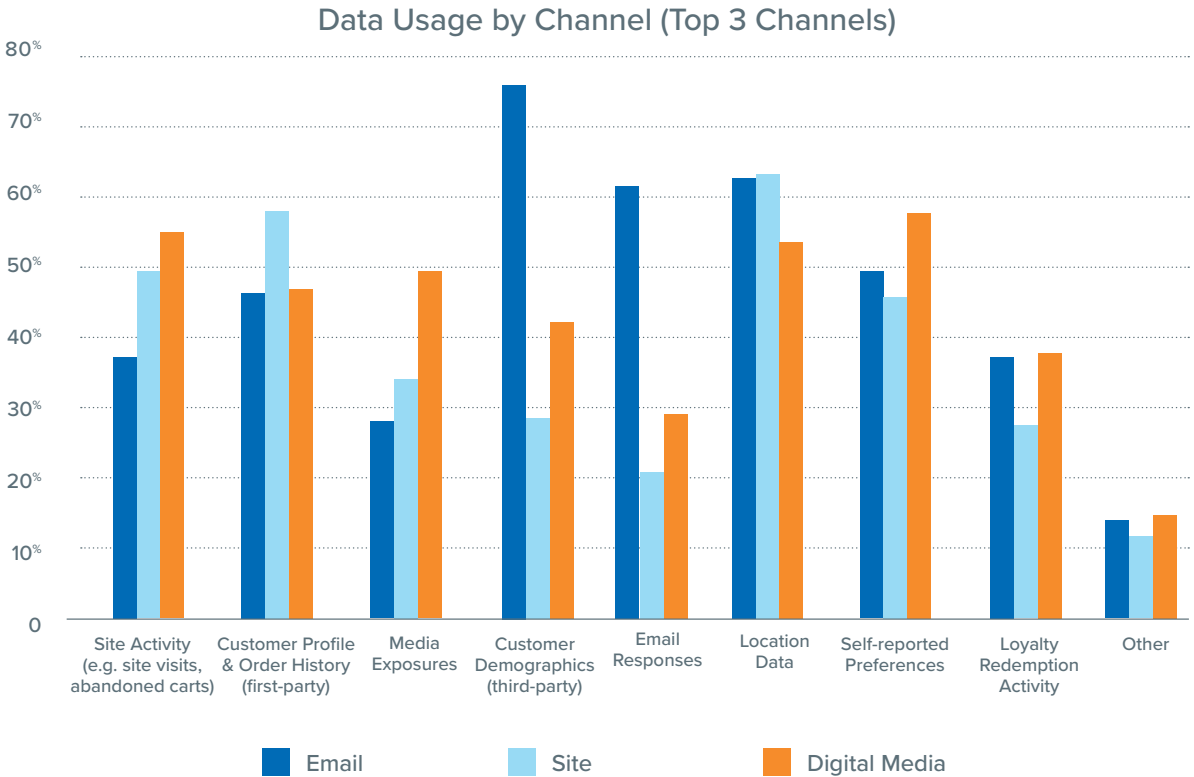
Marketers are confident in their ability to deliver personalized experiences in email and digital media channels, with over half of respondents reporting excellent ability to deliver personalization. Not surprisingly, these same two channels were mostly ranked as first or second personalization priorities based on revenue contribution. By comparison, just 30 percent of marketers reported an excellent ability to personalize in chat, and most ranked this channel as their lowest priority.

Ability to Deliver Personalized Experiences by Channel



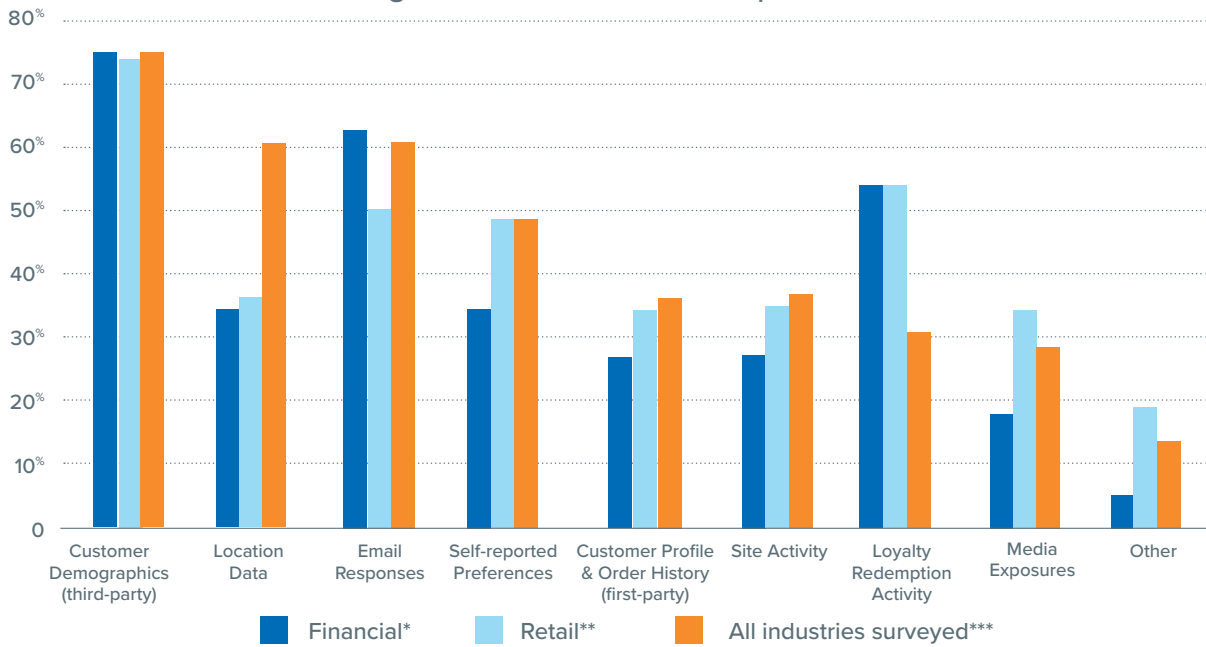
Despite Reported Readiness, Use of Individual Data Sources for Personalization is Low

Despite reporting a high ability to deliver personalized experiences across these three channels, the reported data revealed some critical gaps. For example, respondents reported that third-party customer demographics were used in the email channel by 70 percent of respondents, in digital media by just 40 percent, and in site by less than 30 percent. Not surprisingly, we see some evidence that the greatest use of channel data is within that channel, indicating a siloed approach to personalization. For example, email responses are used most in the email channel, and digital media exposure data is used most in the digital media channel.



On average, we see marketers are using these nine types of data less than 50 percent of the time. This finding is similar to a recent report by The Relevancy Group, whose own survey shows that nearly 90 percent of marketers use some type of personalization, but most have not adopted advanced tactics ([The Relevancy Group – Value of Personalization, September 2019](#)). The new competitive advantage goes to brands that use more data in advanced technologies across multiple channels to deliver more personalized customer experiences.

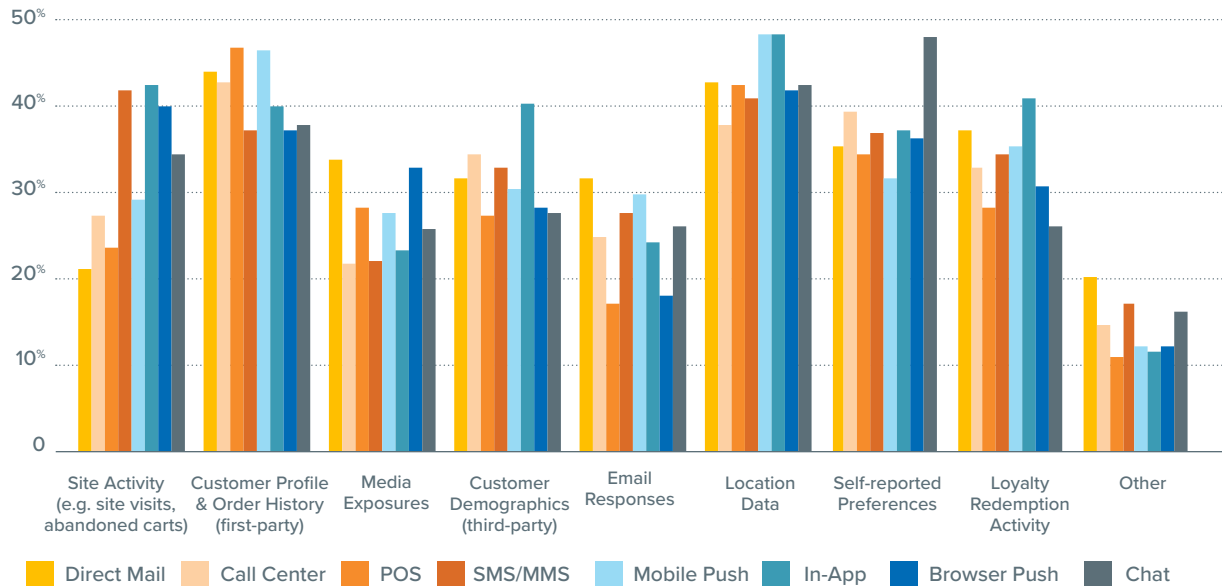
Data Usage in Email Channel for Top Verticals



Across the remaining eight channels, marketers indicate a fairly consistent underutilization of data across sources. For example, less than 20 percent of respondents indicate using email response data in either chat or browser push channels. The most readily available data is likely first-party customer profile and order history data, and yet just 35 to 45 percent of respondents indicated using this data across these channels.

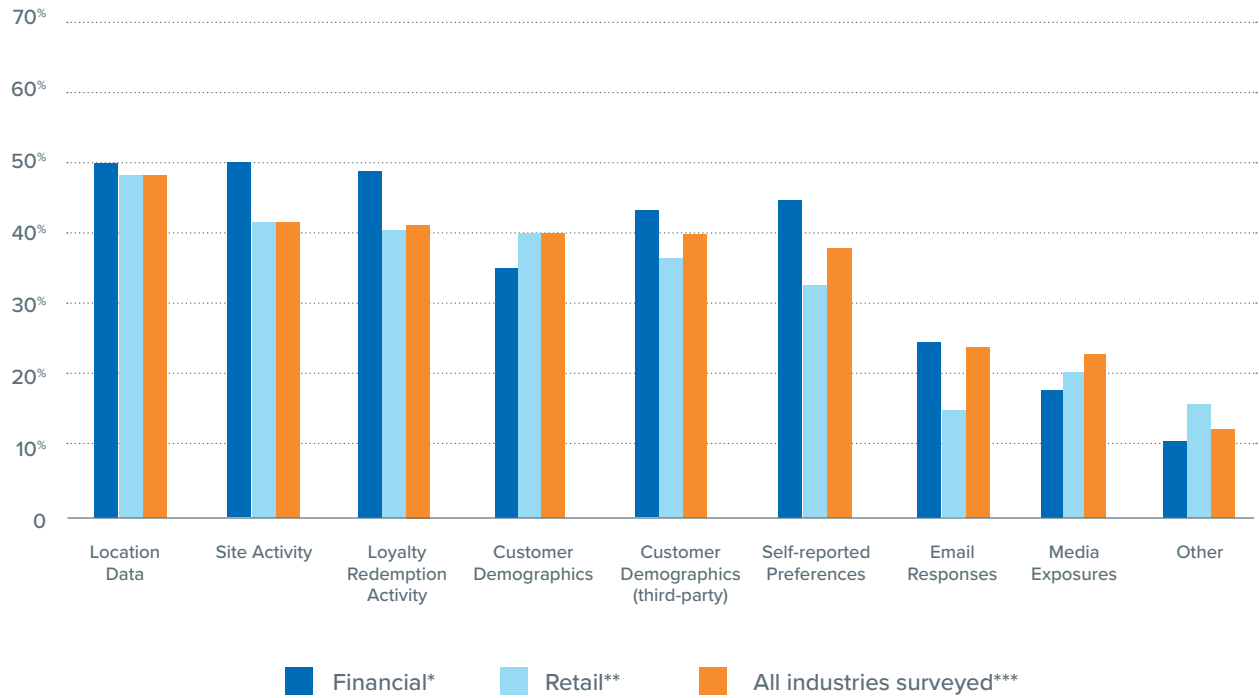
We also drilled down into personalization priorities by breaking out the data usage by respondent verticals. Looking at the email and in-app channels specifically, we can see some key differences in data usage. Both financial and retail industry respondents indicate using high percentages of loyalty redemption data but low percentages of location data in the email channel, relative to the full breadth of verticals surveyed. Fifty-two percent of respondents were in the financial and retail sectors.

Data Usage by Channel (Long-Tail Channels)



In the in-app channel, retail respondents indicate a higher usage of customer account and media exposure data than financial respondents.

Data Usage in In-App Channel for Select Verticals

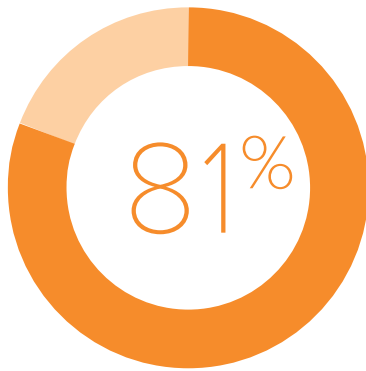


*20 percent of survey responses
 **32 percent of survey responses
 ***48 percent of survey responses

We believe all of these data sources provide valuable inputs for delivering personalized customer experiences across channels and strategic initiatives.

Data Type	Role in Personalized Experience	Example
Customer demographics (third-party)	Inform creative and copy at a segment level	We may use gender to determine what products and creative are featured. This may be as simple as retailers promoting men’s clothes to men and women’s clothes to women.
Customer profile & order history (first-party)	Ensure that an offer or message is relevant on a one-to-one basis	We may feature products similar to the customer’s past purchases, or proactively address account activity to generate the next interaction. For example, if a customer has only bought shoes, we may prioritize shoe offers in future interactions.
Site activity	Predict individual customer intent based on pages / containers viewed / time spent	If a customer visits mortgage web pages on a retail banking site, we can surmise that she’s interested in mortgage offers. It would be a missed opportunity to present credit card offers at the next customer touchpoint in across channels.
Media exposures	Predict intent and message fatigue	If we know that the customer received 10 impressions of the same product offer without clicking through, we may choose to put that offer on hold and introduce the next best product offer that may interest him.
Email responses	Intent and message fatigue on a one-to-one basis	We can use information about how the customer responded to messages we delivered to inform our next interaction. If a customer clicked through to a landing page from the email, but abandoned the cart, the next channel’s interaction can pick up the conversation about the same product.
Loyalty redemption	Extend individual customer profile	We can learn about customers’ interests based on how they redeem loyalty offers. For example, if a customer uses redemption to try new product types, we should recommend more diverse products in our broader communications.
Location	Ensure that an offer or message is relevant on a one-to-one basis	Customize messages to drive to a local retail location, and provide information on location-specific services/ products (e.g., availability of financial advisors at a retail bank, availability of specific products at retail locations).
Self-reported preferences	Adjust communication channels and content on a one-to-one basis	Use a customer’s preferred channels for important communications, and use product category interests to inform communications and offers.
Other	Additional insight used to personalize messages and offers	Examples may include social media activity or call center interactions to indicate churn risk, which would inform what we say or do over the next several touchpoints.

A Vast Majority of Marketers Have a Defined Loyalty Program



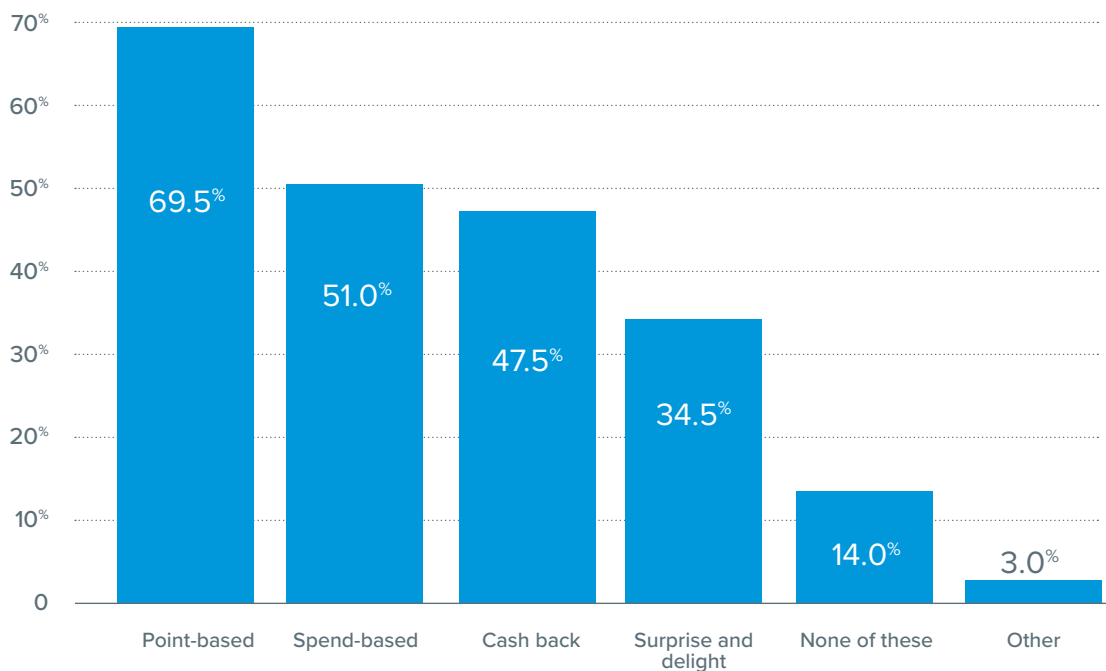
Have a defined loyalty program

When data is connected to a distinct customer engagement strategy like loyalty, we still find some of the same themes identified across CRM. Eighty-one percent of respondents have defined loyalty programs.

Marketers Employ a Wide Variety of Loyalty Tactics

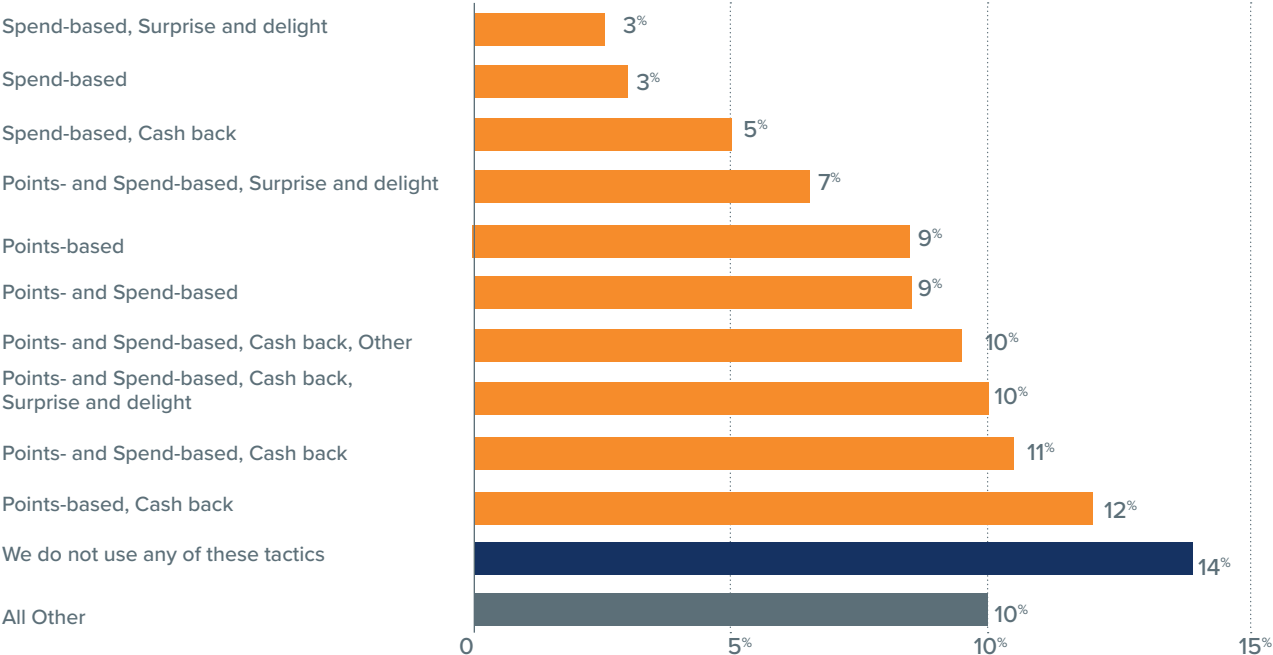
The tactics used by marketers vary. In the bar below we see the aggregate use by tactic, regardless of unique combinations of tactics used. Seventy percent of respondents use points-based tactics, while only 35 percent use surprise-and-delight tactics, which involve unexpectedly rewarding customers with incentives, based on certain behaviors. Fourteen percent of respondents use none of these tactics, which is roughly in line with the reported use of a defined loyalty program.

Loyalty Tactics Employed



We next dive into unique tactic combinations. What’s interesting to us is the diversity in unique combinations of loyalty tactics used by our respondents. Where tactics were used, the most popular combination was points-based and cash back (12 percent), with fewer respondents reporting the additional use of spend-based tactics (11 percent). While this may reflect that there is no one-size-fits-all strategy, it may also indicate an opportunity to use a greater breadth of tactics within a given loyalty program.

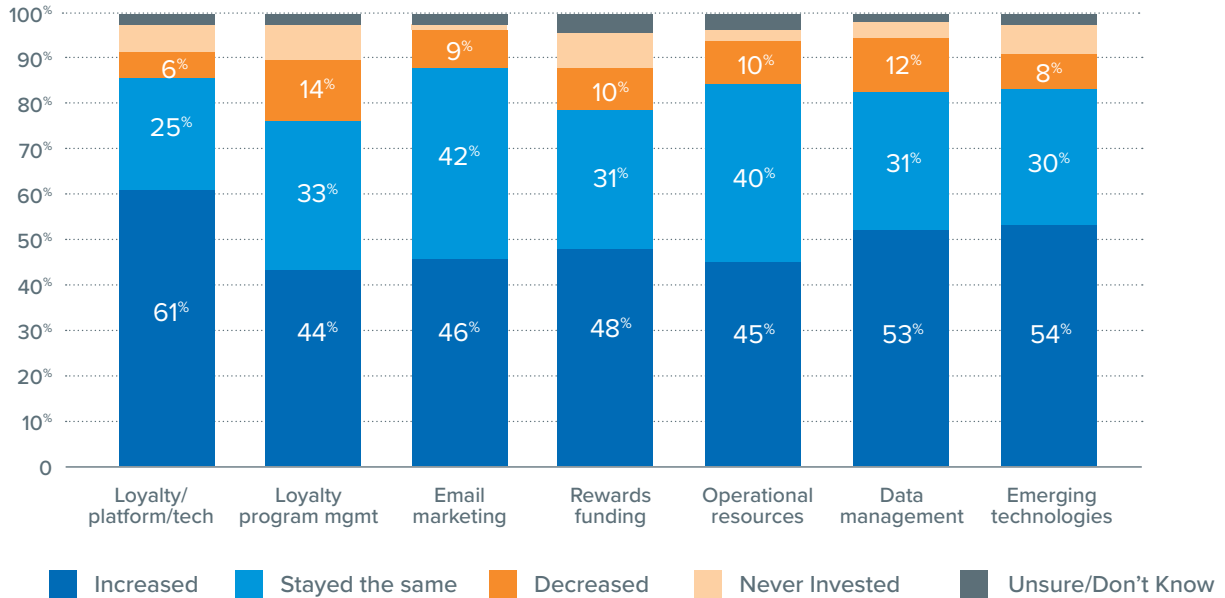
Use of Combined Loyalty Tactics



Most Loyalty Investments Stayed the Same or Were Increased

Respondents indicate increasing investments in loyalty platforms and emerging technologies (e.g., artificial intelligence, Internet of Things). By comparison, investments in loyalty program management, email marketing, and operational resources have generally stayed the same or decreased. Brands should be mindful not to under-invest in operational resources that drive engagement, enhance the value proposition, and keep the program running efficiently.

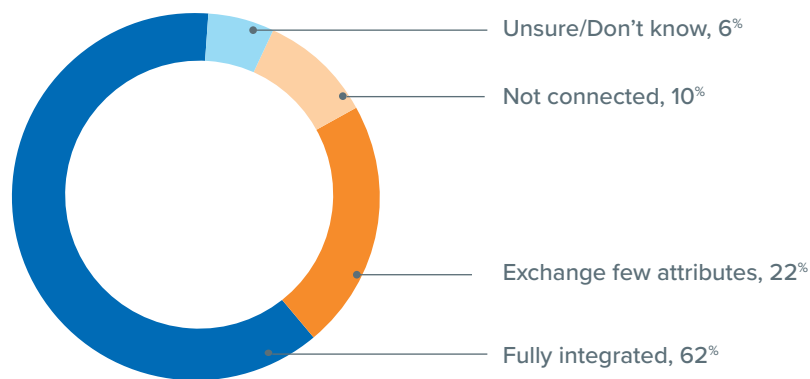
Loyalty Investment Changes in Recent Years



While Often Available, CRM Data is Not Widely Used to Drive Loyalty Programs

We see a gap between high-level reporting on data use/availability and the use of specific data sources for loyalty programs.

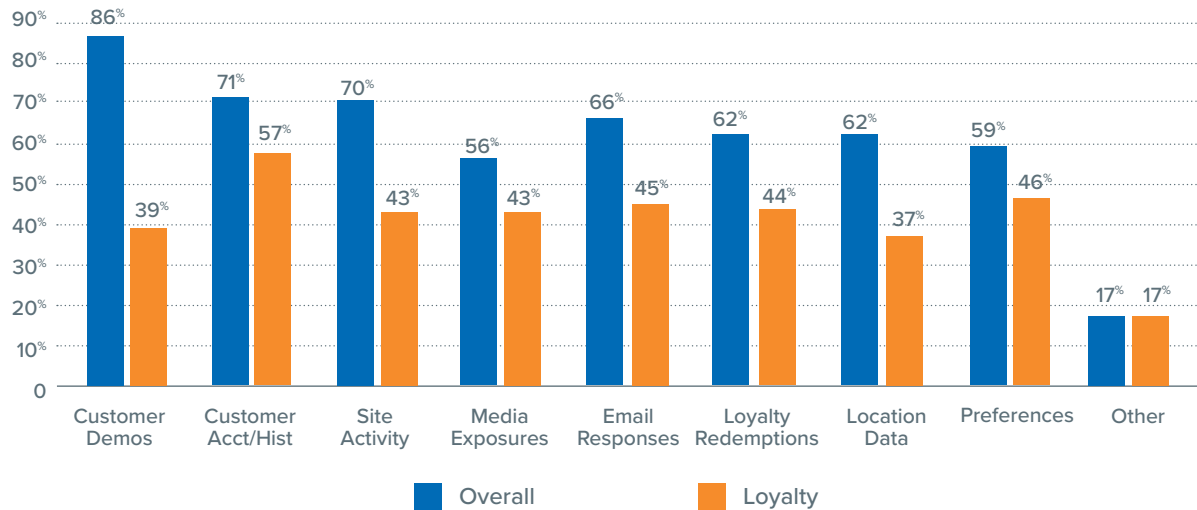
How is your current loyalty data connected to your CRM data?



Sixty-two percent of respondents have loyalty programs that are fully integrated with their CRM data. Yet respondents indicate using less of their available data in loyalty efforts in comparison to their broader marketing initiatives. For example, just over 38 percent of marketers indicate using third-party customer demographic data to personalize their loyalty programs vs. 86 percent in their overall marketing efforts.

Our experience shows that loyalty programs present an opportunity to capture additional customer insights – yet here we see that programs are leaving other data types on the table.

Data Attributes Used Broadly vs. Loyalty



PERSONALIZING CUSTOMER EXPERIENCES: Moving from Good to Great

The good news is that there is broad adoption of personalization. Marketers are using data to personalize experiences in at least one way, in at least one channel. Yet, based on our own experience and survey results, there is still tremendous opportunity for improvement.

How do marketers evolve from good to great?

- Shift your focus from channel-specific personalization decisions to holistic, cross-channel personalization. Customers don't see brands as channels, but many marketers are still operating under a channel-brand strategy.
- Expand the types of data used to personalize customer experiences. Use the most current data from customers to inform the next interaction, regardless of the channel from which that data was collected.
- Invest in loyalty programs that provide an increasingly valuable feedback loop – one where you can apply more data to personalize the customer experience both within the loyalty program and across other customer interactions.



**Positive
Customer
Experiences
are Fueled
by Data**



YARA LUTZ
SVP, CRM

Customer Experience Demands Are on the Rise

The “always on” customer expects to interact with a brand anytime, anywhere, and on any device. And that brand is expected to “act like you know me.” To remain relevant, brands must deliver highly personalized and meaningful content. In fact, 84 percent of consumers say being treated like a person, not a number, is very important to winning their business.

Instant gratification is the new norm in customer expectations, and brands need to operate with the most current set of information about their customers in order to compete. They need to make the path to purchase fast and frictionless. Our survey results this quarter show that, while most marketers have embraced personalization, they are using a fraction of available data to drive customer experiences. It's crucial for the digital ecosystem to maintain the same highly personalized, “white glove” experience that has been delivered in stores for hundreds of years – but this can be hard to do.

PERSONALIZATION GONE BAD

Meet Millie. She is a frequent flyer with the same airline. She is also a widow, who tends to vacation with her daughter in Colorado.

Her bag was lost on a recent business trip. While still in the airport, the airline’s customer service desk gave Millie a baggage compensation form. What happened next was disappointing.

A day or two later, Millie logged into the airline’s mobile app to send a complaint. Instead of being presented a message or offer that acknowledged her negative experience, she was shown a Caribbean vacation package offer. A few days after that, Millie was emailed with a complimentary “Romantic Weekend Getaway.”

What went wrong?

- ❌ Information about Millie’s lost baggage that was captured by customer service was not used across channels.
- ❌ The vacation package had no relevance to the information she was sharing in the mobile app.
- ❌ The email failed to reflect knowledge about the complaint she submitted through the app.
- ❌ The airline acted like it didn’t know her. She’s not celebrating romance and she doesn’t go on vacation to the Caribbean.

New Innovations Deliver Personalized Experiences

Although email and website landing pages are the easiest and most widely used channels to personalize (coming in at 78 percent and 54 percent respectively), it's important to not stop there. Today's customer seeks cohesive and authentic interactions with the brand across the entire brand experience. Personalization both online and in-store helps deliver superior customer service, which in turn translates to a great experience for shoppers, creates an emotional connection with the brand, and ultimately increases the chance of purchase. In fact, 7 out of 10 people were willing to spend more with companies that provide excellent experiences ([McKinsey, Driving Growth by Exploiting the Front-End of Your Consumer Decision Journey, 2018](#)).

“Engagement levels and results were **4X higher** than averages across standard “mass sends.” Interactive capabilities were leveraged for rich data collection to activate customers and drive repeat purchase and retention.”

Newer, innovative technologies, such as interactive email, help enable marketers to bring the website experience to email. Interactive creative allows customers to connect within the body of an email vs. immediately driving to the site (tactics such as carousels, hamburger navigation bar, expanding and collapsing, progressive profiling). One of my favorite interactive applications is similar to the “choose your own adventure” book series from my childhood, where your responses to questions drive the next set of content displayed. Brands should consider using interactive email to increase engagement and collect valuable data to leverage within future touchpoints. We've seen interactive email used to inform content within the initial design as well as in follow-up touchpoints. Engagement levels and results were 4X higher than averages across standard “mass sends.” Interactive capabilities were leveraged for rich data collection to activate customers and drive repeat purchase and retention.

Identify Key Moments to Interact with Customers

An interactive experience helps brands generate even more data, which fuels further meaningful interactions with customers. Collecting information from customers on their preferences within a marketing channel allows a brand to predict key moments and reasons to interact with their subscribers. Discovering new reasons to engage with customers could help increase the ratio of personalized content compared to mass sends in your total marketing mix. Personalized content still accounts for a smaller percentage of total volume in the marketplace, but it drives a significant portion of the total revenue. So it's important to build out your customer life cycle and find these key moments. A small shift in percentage can make a big difference and have significant financial impact for brands. The Relevancy Group recently reported that retailers who use real-time, data-based personalization tactics drive upwards of 17 percent more revenue than marketers who rely on more basic methods like first name and subject line personalization ([The Relevancy Group - The Value of Personalization for Retailers, September 2019](#)).

Retailers who use real-time, data-based personalization tactics drive upwards of 17 percent more revenue than marketers who rely on more basic methods like first name and subject line personalization.



Personalized Experiences Lead to Repeat Customers

Creating these unique stories and relevant content will motivate customers to continue their relationships with the brand, in turn shifting from a one-time purchaser to a repeat purchaser. In the end, brands are realizing it is not just about acquisition – it's about increasing loyalty and lifetime value. McKinsey estimates that brands could improve revenue and customer retention by 10-30 percent through personalizing customer journeys and building a more loyal customer base ([McKinsey, Driving Growth by Exploiting the Front-End of Your Consumer Decision Journey, 2018](#)). A heightened importance is being placed on creating lasting experiences that generate repeat customers, given the significant revenue potential. Repeat customers are far more valuable than newly acquired names, because they tend to spend more and are less expensive for marketers to retain. Building an emotional connection with the brand keeps customers coming back and increases the rate of both recurring and cross-category purchases.

It's about increasing loyalty and lifetime value. McKinsey estimates that brands could improve revenue and customer retention by 10-30 percent through personalizing customer journeys and building a more loyal customer base.

Unlocking the Repeat Purchase Opportunity

Maximizing the lifetime value of each existing customer can help retailers create incremental gains in the millions over time. Doing this effectively comes down to strategy, and ultimately understanding your customers, their behaviors, and what drives them to purchase. It's about leveraging the valuable data you have on your customers in your marketing efforts. Getting the first purchase is the hardest and arguably the most expensive. Every time after that should get increasingly easier and less expensive, if you take the right approach.

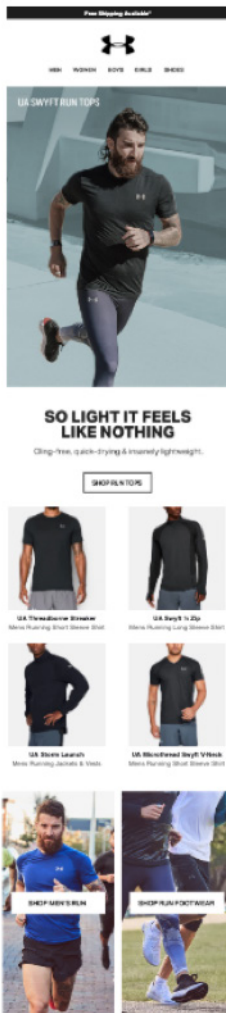
Personalization is Here to Stay

There is no debate on “if” we want to deliver personalized customer experiences. We are now focusing on “how” best to deliver them. Brands are focusing not just on acquiring new customers, but on generating more valuable, lasting experiences for existing customers – and driving revenue through repeat purchases. Self-reports show that most marketers are not using the full breadth of data available to drive personalization; much is being left on the table. And when combined with new technologies that enable advanced personalization, the competitive advantage potential is significant. By knowing their customers, speaking to them at the right moment, and serving up interesting and applicable content, brands can tap into huge gains in revenue and loyal, long-lasting relationships.

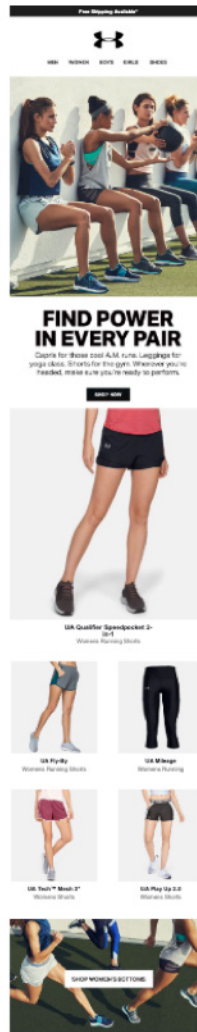
REAL WORLD EXAMPLE:

Under Armour uses a post-purchase program that encourages first-time buyers to convert a second time.

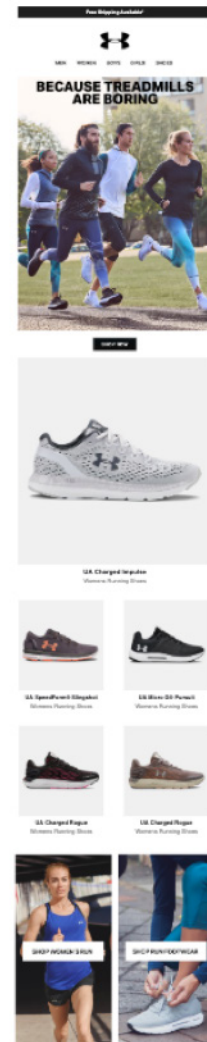
Subject: Your Go-To Run Gear, Only Better



Subject: Good News! We've Got The Running Gear You Want



Subject: Attention All Runners: Your New Favorite Shoe Has Arrived



The multi-touchpoint journey showed a **46 percent lift in conversion rate** on turning single buyers into secondary purchasers. When new buyers were sent a follow-up journey, **sales were 51 percent higher** than when those new buyers only received promotional and ad-hoc campaigns.



**How
Human Loyalty[®]
Programs
Create Identity
to Power
Personalization**



JAMES RIESS

SVP, Strategy and Insights, Promotion and Loyalty Solutions

No matter the product or service, marketers face similar challenges: identifying desirable target audiences and proactively creating authentic and informed interactions that build long-term loyalty. These are top priorities we hear clients echo every day. We also hear a similar refrain from consumers: “I don’t spend my time or money with brands that don’t get me.” Simply put, brands want to create enduring emotional connections with consumers, and consumers want that too.

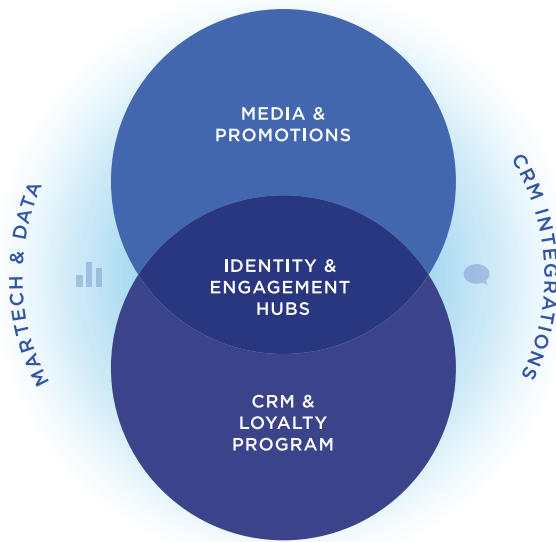
At Merkle, we call this relationship Human Loyalty – a strong and sustainable bond between the brand and consumer based on meeting consumer needs over time. Meeting expectations at various states of need requires a proactive approach that uses personalization tactics to deliver relevance and meaning. But personalizing interactions at various need states is easier said than done. It requires a combination of rich consumer data and people-based marketing technologies.

It’s at this intersection where Human Loyalty solutions fit in. **Human Loyalty solutions are the key to building long-term customer relationships. They create consumer identity and apply people-based technologies that enable personalized moments and messaging.** When this type of personalization is done well, marketing becomes more effective, consumer relationships become more enduring, and brands are rewarded with increasing revenue.

TRANSACTIONAL LOYALTY	HUMAN LOYALTY
A loyalty program <ul style="list-style-type: none">• Purchase-based• Brand-centric• Near-term	The connected brand experience <ul style="list-style-type: none">• Emotion-based• Consumer-centric• Long-term

The Human Loyalty Solution Includes:

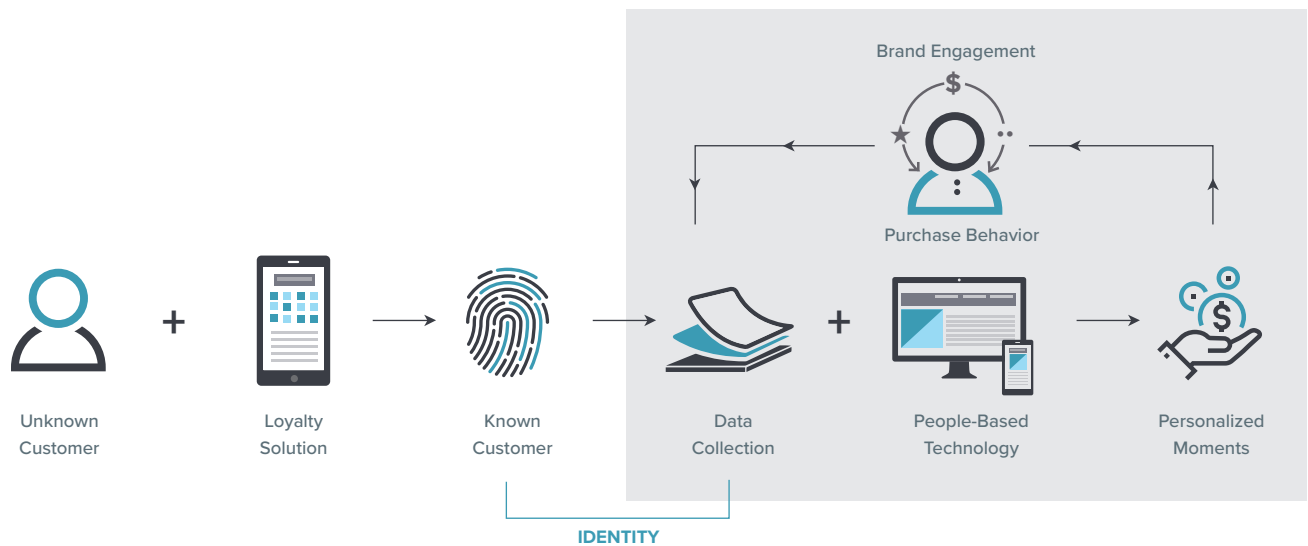
Media and Promotions To drive acquisition and capture PII that fuels identity and creates marketing efficiency.	Identity and Engagement Hubs To collect rich consumer data beyond an initial opt-in.	CRM and Loyalty Program To close the loop on customer value – linking purchase behavior to a unique individual.
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We talk about loyalty marketing strategies and solutions more than loyalty programs because we believe loyalty is synonymous with a brand's consumer strategy – not a program. Media, promotions, engagement levers, CRM, and loyalty programs, when leveraged in combination, are powerful capabilities that create and nurture Human Loyalty across the entire purchase funnel. Proactively connecting these loyalty builders in the consumer journey amplifies the amount of first-party data collected and unlocks the ability to deliver increasingly one-to-one experiences.

Turning Identity into Personalized Moments

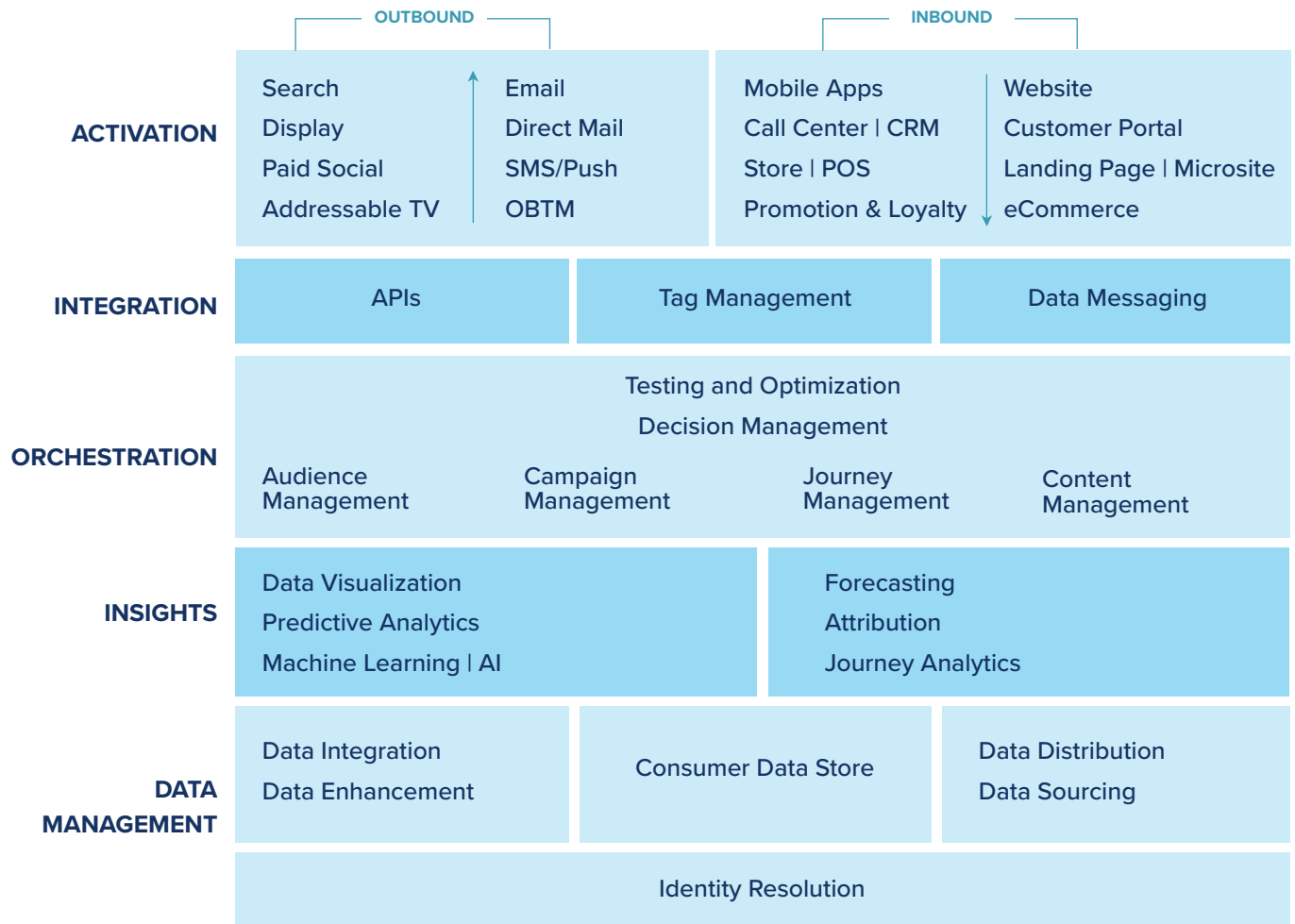
When a consumer opts in to a loyalty program and goes from anonymous to known, brands create identity and can begin to move from one-to-many toward one-to-one personalization. But this is not possible without first-party data and marketing technologies.



DATA COLLECTION

With data privacy on consumer and legislative minds, loyalty solutions provide the permission brands need to collect, access, and use personal data. Acting on transactional data alone will not deliver authentic and meaningful moments. Combining multiple data attributes together paints a clearer picture of what consumers think, feel, see, and do. Loyalty solutions can provide the single source of data brands need to have a richer consumer understanding, including purchase data, engagement data, contextual data, and self-reported preferences.

PEOPLE-BASED TECHNOLOGIES



Having the data isn't enough to create meaningful personalization. You need a people-based martech stack to support data management, insights, orchestration, and activation across the brand journey. Human Loyalty solutions provide rich, foundational data sources that fuel the bottom of the tech stack. Combining this data with a full suite of omni-channel decisioning and activation capabilities enables you to effectively personalize based on the need state. At the top of the stack, an evergreen loyalty program gives brands the platform to efficiently activate, test, and optimize messages with a known and receptive audience. Data collected is fed back in to the martech foundation so that brands can learn, iterate, and become increasingly one-to-one.

THE TECHNOLOGY DATA USE GAP

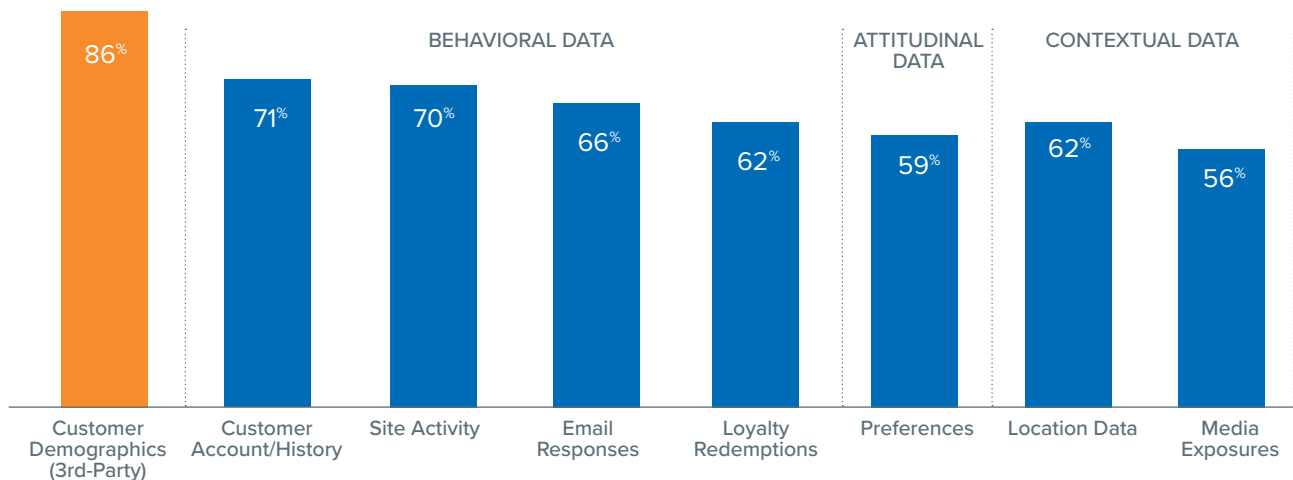
As Yara mentioned in the previous article, personalization strengthens emotional connections with consumers, making them feel that brands “know me and my needs”. Savvy brands know personalization is only possible through technology. Over half of clients we surveyed increased investments in loyalty platform technology, data management capabilities, and emerging technologies like artificial intelligence (AI). These

investments create the marketing infrastructure needed for one-to-one personalization. Furthermore, 63 percent of clients said they have fully connected loyalty and CRM data, and over 80 percent have the tools and organizational structure to coordinate and deliver personalized experiences across channels. But even with the data collection infrastructure in place, only 60-70 percent of respondents use internal data sources to fuel personalization efforts, while 86 percent use outside, third-party, segment-based data.

Take, for example, self-reported preferences. These are things that consumers explicitly tell the brand they like and don't like. Yet only 59 percent of respondents use preferences in personalization. And when you dig down to channel use, just 35-50 percent of respondents use preference data in their digital marketing channels like site, email, and app.

What's clear is that, even with an infrastructure in place, brands aren't using the internally generated and immediately actionable data they collect to its maximum marketing potential. This gap between what brands have available and what they use reinforces the consumer feeling that brands aren't marketing to them as individuals.

What primary data attributes do you leverage to drive personalization?



Brands Need Identity to Meet Consumer Expectations

All of this matters for one simple reason: today's consumers seek authentic and seamless interactions with brands – and they expect it across the entire brand experience. Connecting with audiences in this way requires a direct and known relationship with consumers throughout their entire brand journey. This is particularly true for millennial and Gen Z consumers who place equal attention on navigating both the digital world and traditional brick-and-mortar experiences.

Brands that rely on cookie or persona-based marketing will come off as generic at best, inauthentic and irrelevant at worst. Brands need identity and rich consumer data – like that available through a loyalty solution and enabled through marketing technologies – to meet demanding consumer expectations, unlock the ability to provide meaningful one-to-one experiences, and build Human Loyalty with consumers.

CASE STUDY

PEOPLE-BASED MARKETING STARTS WITH CRM

Results

20%	Gain in customer lifetime value over baseline
16X	Realized efficiency gains from report automation
53%	Initial email average open rate
4%	Redemption email average click rate

Challenge

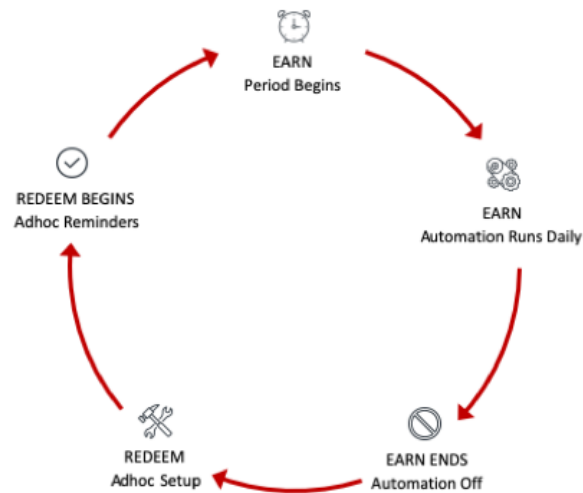
A leading athletic apparel brand in the midst of a five-year transformation toward consumer-centric marketing. A key pillar of this focus is the brand's emphasis on harnessing data science and analytics, in harmony with the world's largest digitally connected health and fitness community, to drive engagement, preference, and consideration. As a contribution to the broader goal of improving customer engagement and increasing the lifetime value through people-based marketing, Merkle and the client have worked together to overcome two major hurdles thus far:

The brand was suffering from inefficiencies that sunk into the manual build of weekly campaign performance reports. More specifically, a lack of email/CRM file health visibility had created several blind spots around a significant churn problem, resulting in missed opportunities to target the company's email prospect audience. The client was looking for greater visibility into email campaign performance and its email and CRM database health.

Additionally, the majority of its customer base had mostly been one-time buyers. Customers often sign up for email, make a singular purchase (sometimes utilizing the Free Shipping offer within the Welcome email campaign), and then fall into a lapsed buyer or inactive record shortly thereafter. This challenge was ongoing — occurring all year round, but particularly noticeable post-holiday, when first-time buyers are prevalent.

Keys to Success

- Created a foundational CRM and email marketing strategy, with a three-year roadmap to drive incremental value from existing customer and prospect bases
- Architected a full data warehouse solution
- Developed automated reporting dashboards that married campaign performance with CRM audience data



Approach

One of the key campaigns launched was a reward card program, designed to combat the influx of one-time, infrequent buyers by converting them to repeat buyers. The program was designed to incentivize repeat purchasers to earn unlimited rewards in a set period. The reward card program was launched through email via Automation Studio in Salesforce Marketing Cloud (SFMC), with a daily data import process and queries to determine if the customer qualifies. The customers who meet the criteria receive different versions of creative based on their qualifications. SFMC stores and deploys unique promo codes for each customer and generates bar codes for promo codes that are used in stores.

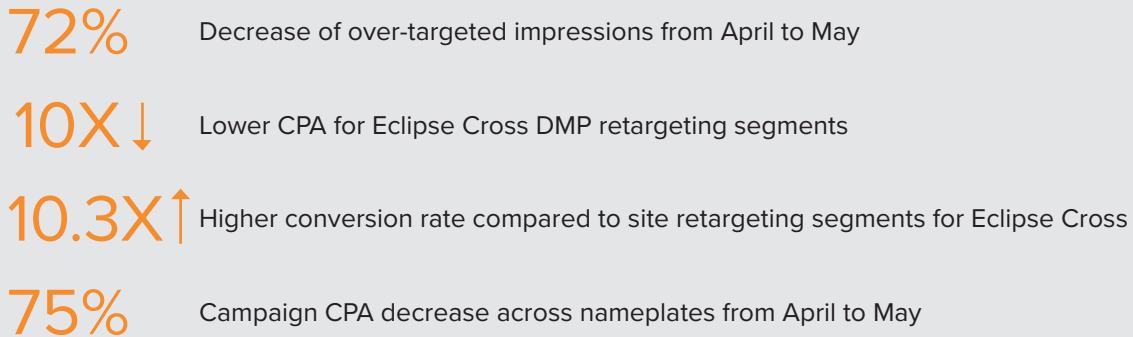
Merkle used its data expertise to merge campaign and audience insights through automated reporting dashboards in a data warehouse. By creating these, we then made strategic recommendations for reducing churn and increasing value from the CRM.

Additionally, we established efficiency gains through automation. In concert with the availability of this data, a CRM strategic framework was developed to drive value from the brand's customers and prospects. Using this framework, we identified specific opportunities among customer segments and applied analytics to provide a better, more targeted customer experience, resulting in a lift in customer engagement and overall value.

CASE STUDY

DRIVE YOUR AMBITION: IMPROVE CUSTOMER EXPERIENCE TO BOOST BUSINESS OUTCOMES

Results



Challenge

Merkle works with a major automotive manufacturer that has enjoyed year-over-year growth through the development of highly efficient, affordably priced new gasoline and electric-powered automobiles.

In the quarter preceding this new approach, 17 percent of the company's media campaign impressions (13 million) were over-targeted. The challenge we faced was to connect customer experiences with business outcomes in an increasingly complex technology- and data-driven landscape.

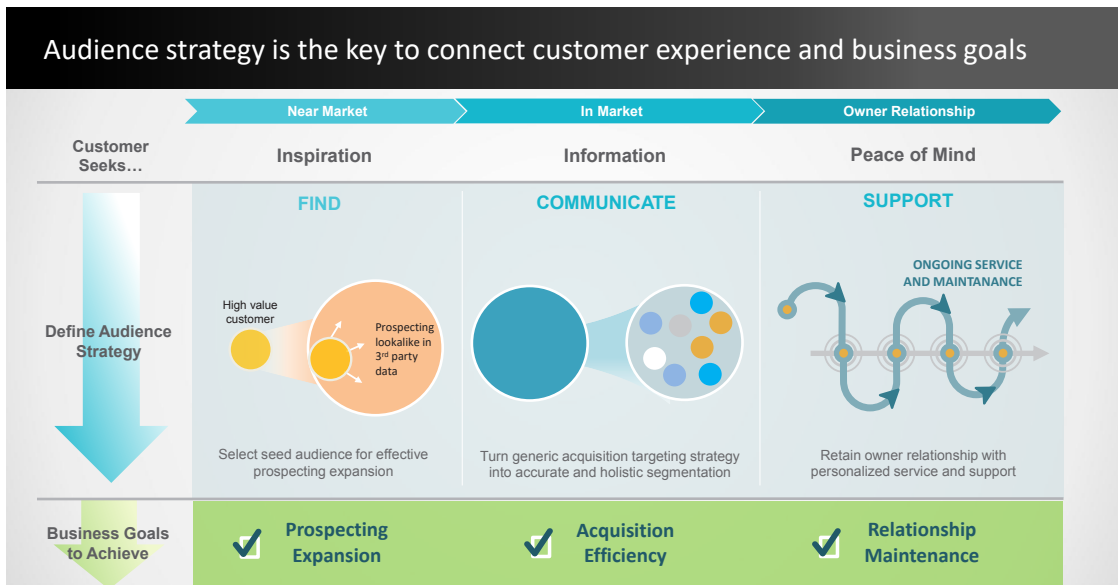
The brand required a deep level of experience and understanding of the consumer journey, digital data, marketing and audience technologies, advertising, and advanced analytics.

Keys to Success

- Always start and stick to a clear business objective. When it comes to technology implementation, it's easy to put a lot of focus on the data and technical setup, but we found that a strong and over-arching organizational support is needed in any data or technology project.
- A clear outline of roles and responsibilities, the brand as the owner, Merkle as the operator and Salesforce the provider kept everything running smoothly. It could be different engagement to engagement (this varies from engagement to engagement).
- We needed a well-outlined roadmap with audience targeting at the heart of the plan, while leveraging a use-case-driven approach. Let the use case drive the technical and data work that has to be done.

Approach

The client and Merkle used audience strategies to connect customer and business needs. We did this in three stages:



STAGE I: NEAR MARKET — PROSPECTING AUDIENCE EXPANSION

We selected a seed audience for effective prospecting expansion and built the prospecting look-alike models based on this selected audience. We then overlapped the look-alike with third-party cookie data on car shoppers. These look-alike cookies allowed us to identify potential customers who mirror similar behavior as existing customers, and the third-party data helps find those who are in the market for a car. Lastly, we deduped people who are already in other retargeting segments, such as recent buyers or visitors to the brand’s sites, to ensure that defined segments did not bid with each other. This resulted in an expansion of our universe by 10x.

STAGE II: IN-MARKET — ACCURATE AUDIENCE TARGETING

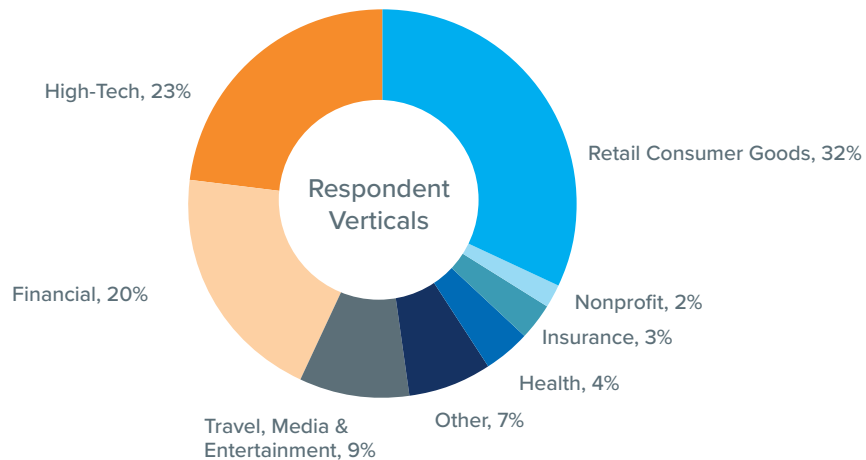
We turned a generic acquisition targeting strategy into an accurate and holistic segmentation by leveraging the Salesforce Audience Studio (DMP) across three use cases: suppression, frequency capping, and analytics. The DMP helped drive success with known users, save media budget, and generate insight. Through suppression, the DMP stopped the bleeding of wasted media spending immediately. It also gave us the ability to do frequency capping on a global level across multiple segments/products and prevent overexposure. Salesforce Audience Studio, coupled with our site analytics, provided great insight into the brand’s best customers.

STAGE III: OWNER RELATIONSHIP — CROSS-CHANNEL IDENTIFICATION AND ACTIVATION

The objective was to retain owner relationships through personalized service and support by using third-party owner data to strengthen owner identification and relationship. By combining third-party data with first-party owner data, we were then able to target them with relevant messages including display, search, social, and website.

METHODOLOGY

The insights in this report were developed from a September 2019 survey conducted by Ugam, a Merkle Company, of 200 marketers at major North American brands. Respondents spanned industries including retail, consumer goods, high-tech, financial, travel, media, and entertainment, health, insurance, and nonprofit.



ABOUT MERKLE

Merkle is a leading data-driven, technology-enabled, global performance marketing agency that specializes in the delivery of unique, personalized customer experiences across platforms and devices. For more than 30 years, Fortune 1000 companies and leading nonprofit organizations have partnered with Merkle to maximize the value of their customer portfolios. The agency's heritage in data, technology, and analytics forms the foundation for its unmatched skills in understanding consumer insights that drive people-based marketing strategies. Its combined strengths in performance media, customer experience, customer relationship management, loyalty, and enterprise marketing technology drive improved marketing results and competitive advantage. With 9,000+ employees, Merkle is headquartered in Columbia, Maryland, with 21 additional offices in the US and 29 offices in EMEA and APAC. In 2016, the agency joined the Dentsu Aegis Network.

For more information, contact Merkle at 1-877-9-Merkle or visit www.merkleinc.com.

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