Q1 2020

CUSTOMER ENGAGEMENT REPORT

MERKLE INSIGHTS

TABLE OF CONTENTS

3 EXECUTIVE SUMMARY

4 INSIGHTS

16 THE BARRIERS TO GREAT PERSONALIZATION

19 THE KEY TO DELIVERING BETTER PERSONALIZED EXPERIENCES: Understanding the Cross-Channel Customer Journey

23 CASE STUDIES

29 METHODOLOGY

EXECUTIVE SUMMARY

Thank you for joining our conversation about customer engagement and welcome to 2020.

Now in its third installment, the Customer Engagement Report continues to dive into key topics around customer relationship management (CRM). This quarter, we've included data samples from the US and have expanded to include those from the UK as well for added insight.

In this issue, we dig deeper into marketers' data usage, as reported last quarter, setting out to find the barriers to "great" personalization. The common denominator is identity. With 49 percent of marketers spending more than 20 percent of their martech budget on identity solutions, we expect to see continued improvement in an organization's ability to identify customers in the future. We also discuss measurement and how it can help us better understand and optimize the customer experience.

Our research also identified areas for organizational alignment and opportunity for collaboration across roles and departments. Only 54 percent of marketers feel they have a clear definition for each KPI across their organization. We also found that there is much confusion around who controls the data: Marketing, IT, or Analytics? When it comes to activating data, 74 percent of respondents have implemented personalization in 6 or fewer channels to date.

The case studies featured in this issue highlight the power of setting a clear roadmap for maturity and integrating artificial intelligence (AI) techniques to increase customer engagement. A leading pharmaceutical company optimized engagement through relevant and sequential messaging. A 100-year-old manufacturing company planned the design and delivery of a multi-year customer-centric transformation roadmap spanning governance, marketing strategy, digital experience, and CRM. The final case study shares News UK's story about how it leveraged AI-driven models to drive engagement from newsletters to build customer value and reduce churn. Read on to view these clients' specific outcomes and 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 as 2020 unfolds. We look forward to bringing you these valuable insights each quarter this year.

Best regards,

Craig Dempster
President, Americas
Merkle

INSIGHTS

We continue the investigation of marketers' ability to deliver personalized customer experiences. In our previous issue, we reported on data usage for personalization. In this issue, we dive deeper into what makes personalization truly great and explore marketers' measurement capabilities.

In our survey of 400 marketers at US and UK brands, respondents reported continued expansion of personalization efforts. Marketers indicate increasing focus on the customer in both their investments in marketing technology and their maturing measurement methods.

Personalization is growing, but what makes "great" personalization?

In Q1, marketers report having moved away from traditional campaign activities. Our research shows that 88 percent of respondents are using more omni-channel marketing strategies today. Additionally, a majority of respondents indicate high visibility into customer journeys in digital channels (such as site, social, and email).

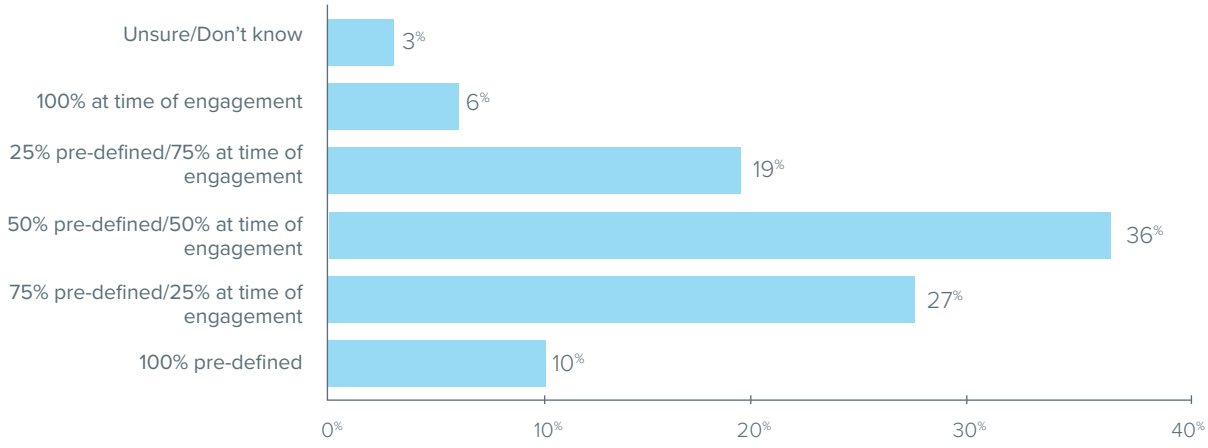
88%
Have moved from traditional campaign activities to more omni-channel strategies

84%
Have high visibility into customer journeys in digital channels (site, social, etc.)

80%
Indicate high levels of customer input in product strategy and improvements

Despite the shift, just a quarter of respondents are focused on real-time personalization tactics, with the remaining three quarters still focused on pre-defined personalization or somewhere in the middle. (Figure 1.1) We see room for continued growth toward real-time personalization.

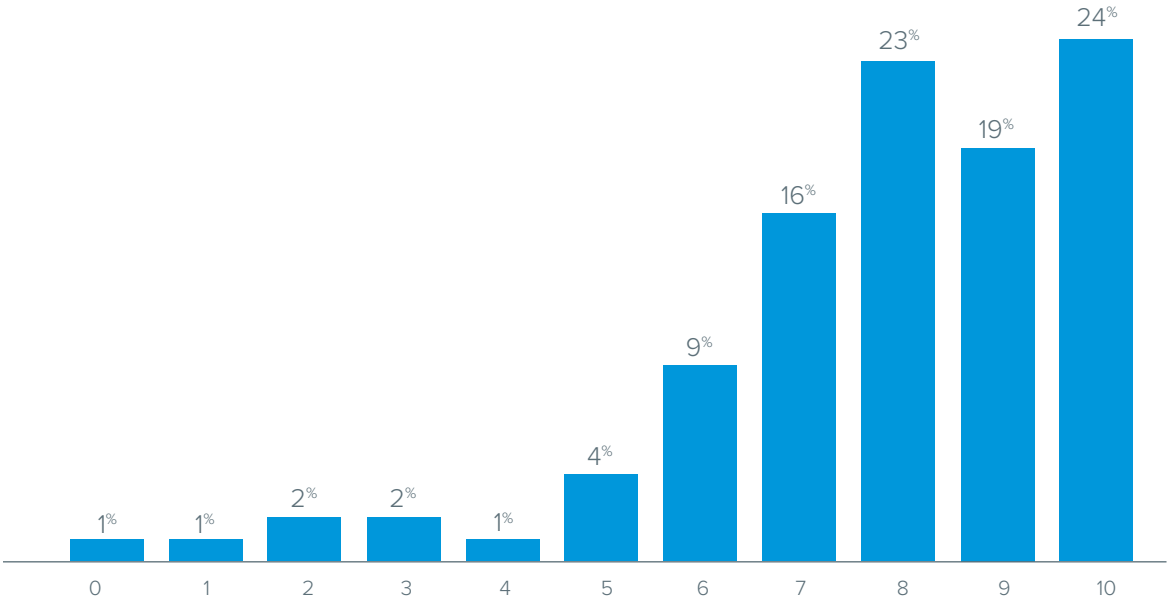
Figure 1.1 — Personalization Pre-Defined vs. at Time of Engagement



Marketers rely on strong customer input

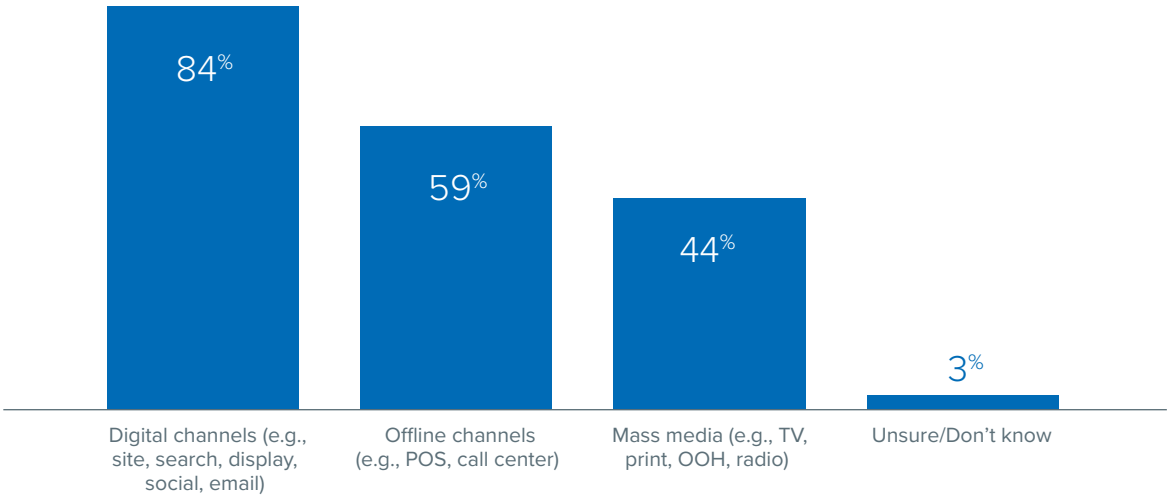
Our Q1 survey shows marketers have a strong reliance on customer input for their marketing strategy. (Figure 1.2) In fact, 82 percent of respondents answered 7 or higher when asked to rate the degree of customer input into product strategy and improvements. Braineet reports that "58 percent of businesses are now piloting co-creation projects to help drive innovation."[1] Product reviews, customer service data and primary market research would further expand the rate of consumer influence on product strategy.

Figure 1.2 — On a scale from 0-10, to what degree do your customers have direct input into product strategy/improvements?



Marketers overwhelmingly indicate high visibility into customer journeys in online channels, such as site, search, and display. (Figure 1.3) Yet 59 percent and 44 percent of respondents said they have high visibility into customer journeys offline and in mass media, respectively.

Figure 1.3 — Where do you have high visibility into your customers' journeys?

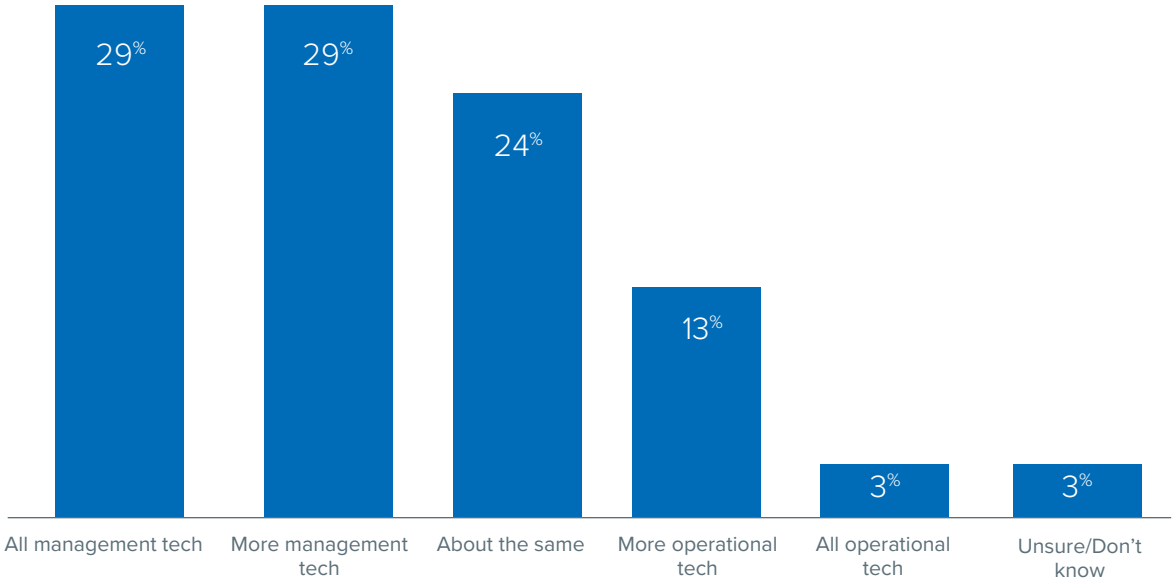


[1]Fournier, Alexis. "10 Awesome Co-Creation Examples (#7 Will Blow Your Mind)." Braineet, February 4, 2020.

Management technology remains the focus

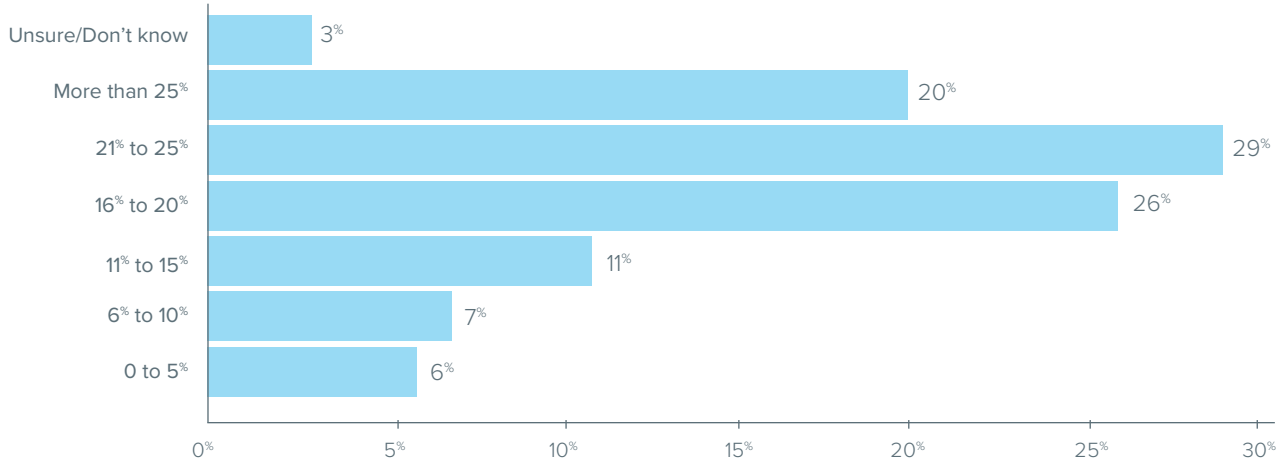
Respondents show a strong focus on management technologies in their martech efforts. (Figure 1.4) When it comes to marketing technology spend, 58 percent of respondents indicate a focus on investing in databases and analytics sandboxes (management tech) over campaign and decision management tools (operational tech). Key to personalization will be the shift of these investments to more operational activities. This will allow organizations to operationalize identity, data, and insights to provide more personalized and relevant experiences.

Figure 1.4 — Management Tech Spend vs. Operational Tech Spend



Additionally, we found that marketers are recognizing the value of identity and have dedicated a substantial amount of their budgets to identity solutions. (Figure 1.5) We understand that many of the investments are related to the traditional processing of names and addresses and to digital onboarding. While important, this only represents part of the picture, and a large part of the strategy needs to be dedicated to aligning investments.

Figure 1.5 — Percent of Marketing Spend Allocated to Identity



Marketers are showing strong adoption of CRM data hub solutions (i.e., customer data platform (CDP)) but media solutions (i.e., data management platform (DMP)) are lagging. (Figure 1.6) While 75 percent of respondents have purchased a CDP, 54 percent have purchased a DMP. Looking at the unique combinations of answers, we see that just 23 percent of marketers have only a DMP or neither of these data hub solution types. (Figure 1.7) We believe this to be a primary area of confusion in the marketplace. Organizations view the traditional marketing database as representative of the data hub, but in reality, this does not take into consideration the capabilities of true CDPs. This confusion is nothing new to us – just review our 10 Key Principles for a Successful CDP Adoption, where Principle #1 encourages marketers not to label a CDP as a distinct entity, but rather a collection of capabilities.

Figure 1.6 — Data Hub Solutions Purchased

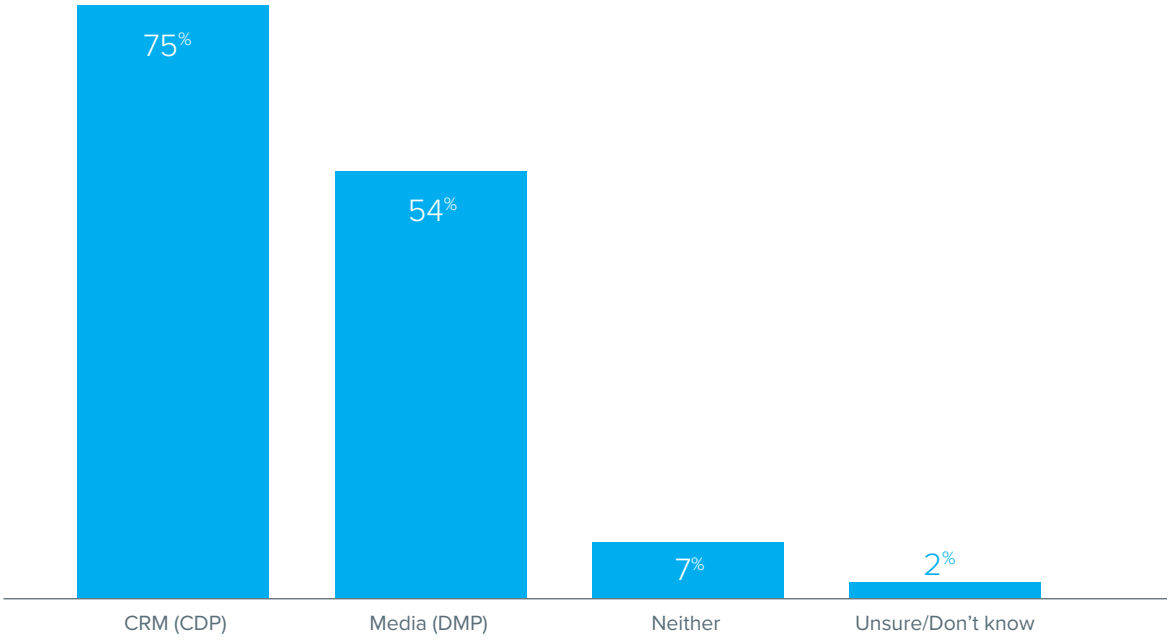
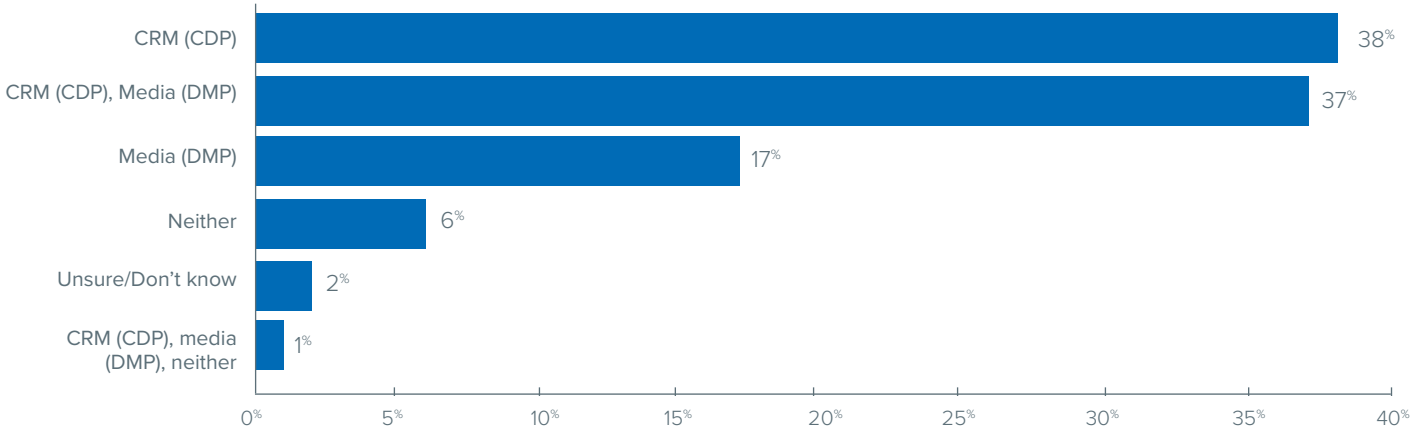


Figure 1.7 — Combined Data Hub Solutions Used



To dive deeper into what makes truly great personalization, we look at marketers' efforts to implement personalization technologies across channels. Here we see that 78 percent of respondents implemented personalization in three channels or fewer within the first year. (Figure 1.8) Yet the majority of respondents (74 percent) are personalizing six channels or fewer when looking at the overall implementations to date. (Figure 1.9) Per our Q4 2019 research, we have found email, site, and digital media channels to be the most frequently personalized, while channels such as browser, mobile push, SMS/MMS, and chat are lagging.

Figure 1.8 — When you purchased personalization technology, how many channels did you implement within the first year?

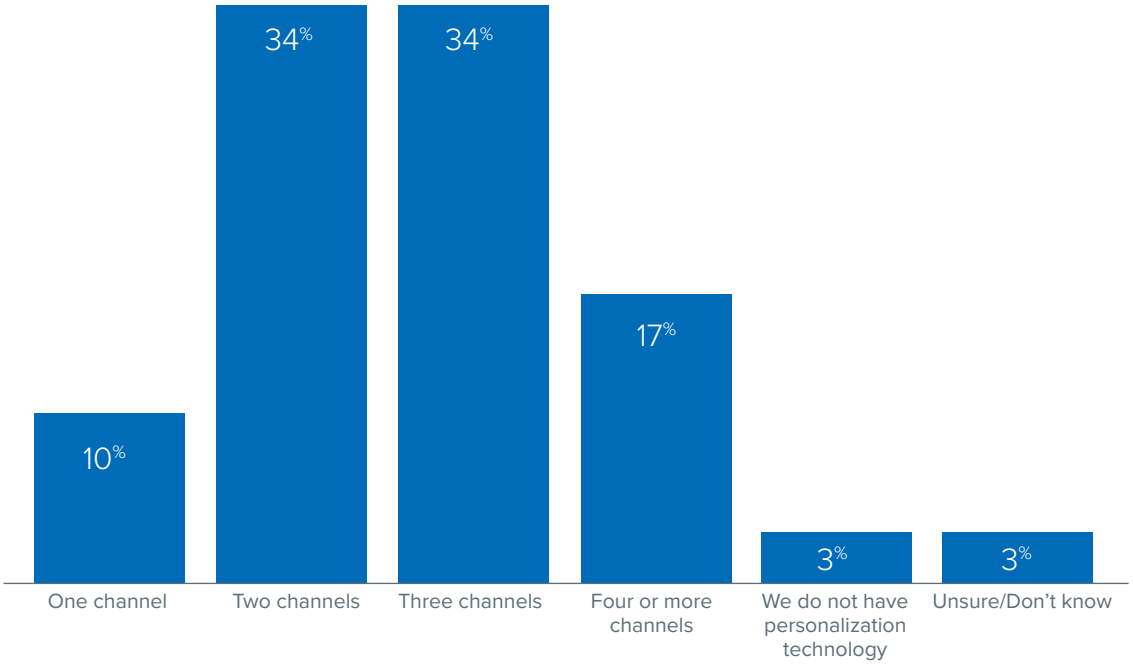
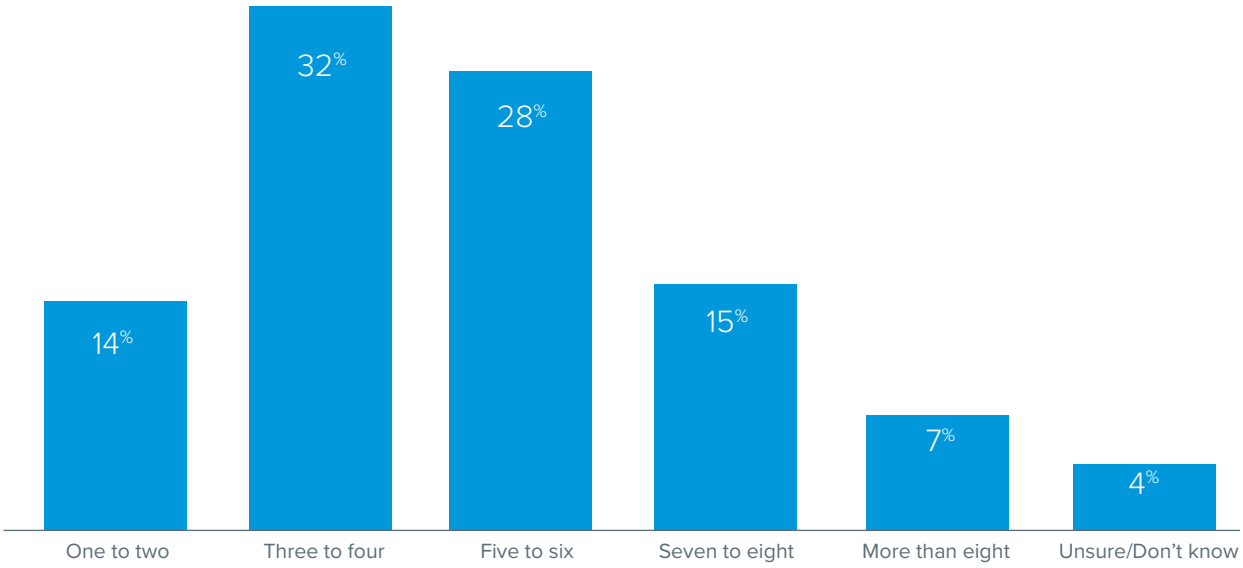


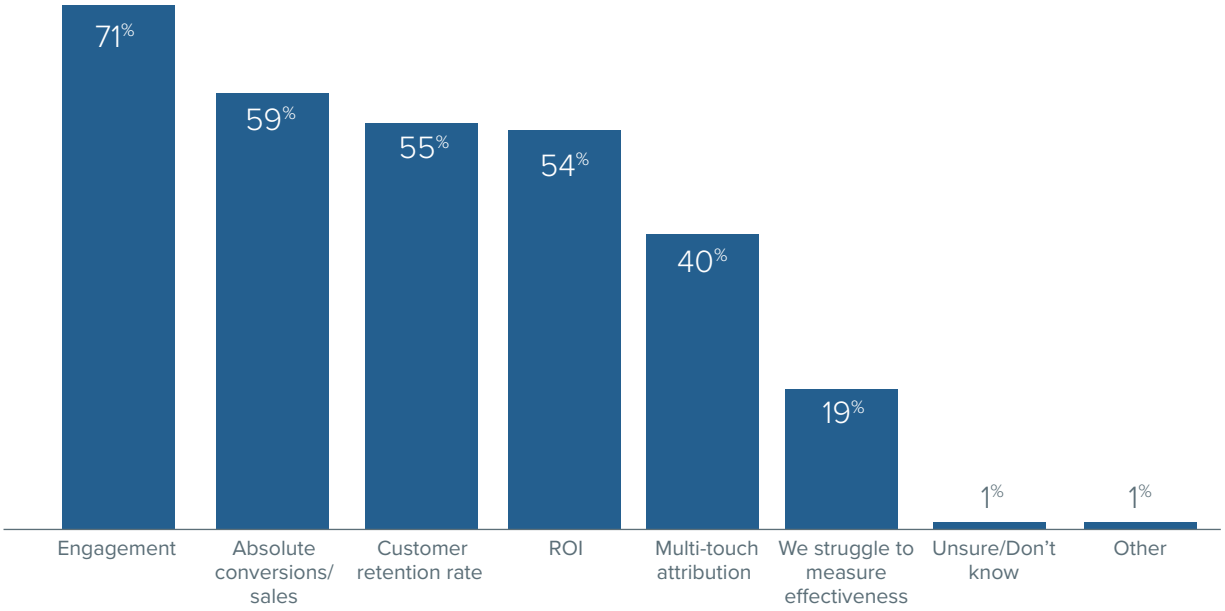
Figure 1.9 — How many channels have you implemented personalization in to date?



Engagement is key in measurement, but alignment remains a challenge

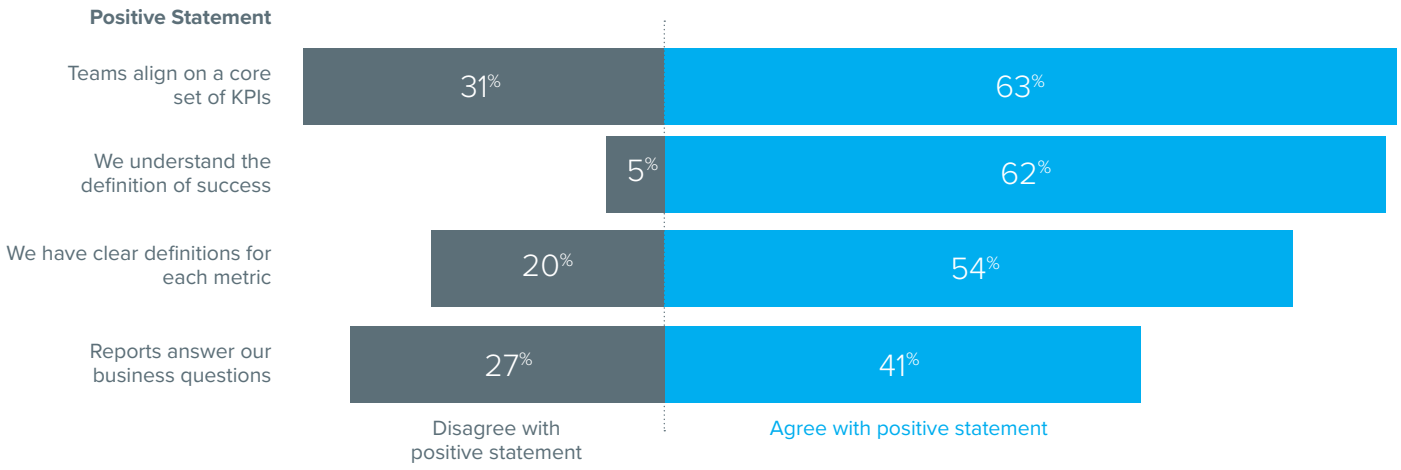
When it comes to measuring the effectiveness of their marketing efforts, respondents report a strong reliance on engagement metrics. Seventy-one percent of respondents say engagement is key here, yet just 40 percent indicate multi-touch attribution as a tactic employed. (Figure 1.10)

Figure 1.10 — How do you measure the effectiveness of customer communications?



Marketers can also explore their measurement effectiveness by looking at how stakeholders are aligned on their program's key performance indicators (KPIs). Just 54 percent of marketers have clear definitions for each metric, while 63 percent say their teams work together to align on a core set of KPIs. Here we see room for refinement and growth. (Figure 1.11)

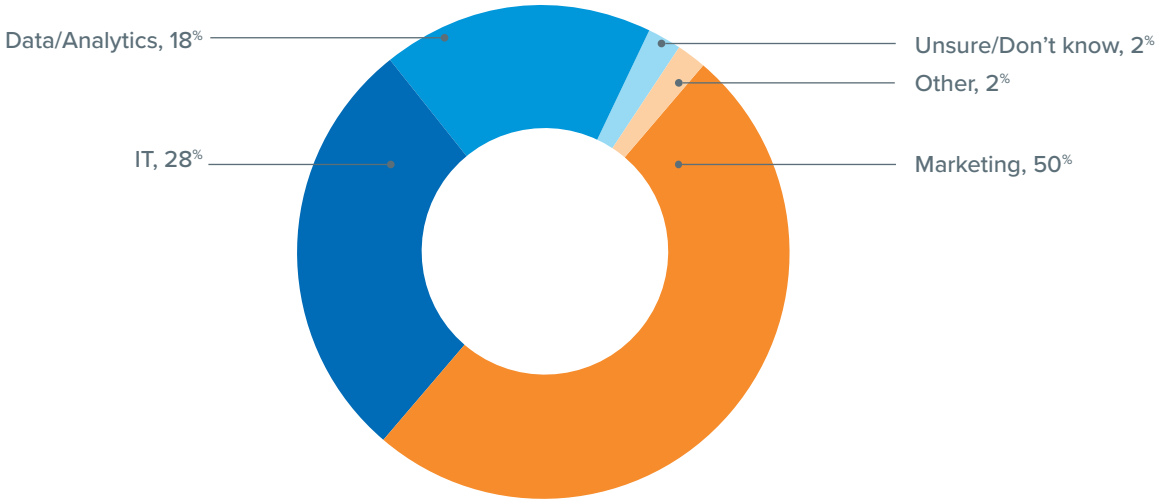
Figure 1.11 — Stakeholder Alignment on Marketing KPIs



Data science reported as a marketing function, working closely with IT

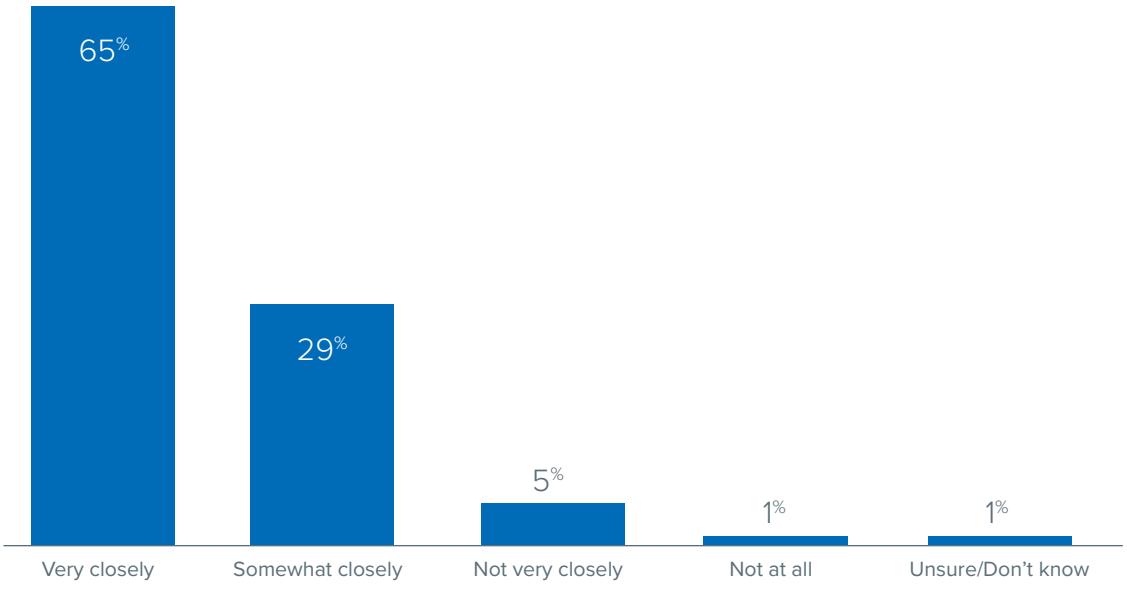
According to our Q1 research, more often than not, marketers see data science as a function of marketing (Figure 1.12). Half of respondents say data science lives in the marketing department within their organization.

Figure 1.12 — Where does data science currently live in your organization?



Marketers indicate that a strong relationship with their IT department is important when implementing new marketing technology solutions. (Figure 1.13) In fact, 94 percent of respondents say they work either very closely or somewhat closely in these instances.

Figure 1.13 — How closely do you work with IT in understanding your marketing technology?



Marketers provide value exchange for customer data

Respondents use a variety of tactics when engaging with customers for information exchange. (Figure 1.14) Promotions and Loyalty lead the pack here, with 72 and 69 percent of respondents indicating using these tools, respectively. Additionally, marketers tend to their loyal customers in many ways, with a customer care hotline (59 percent of respondents) and a loyalty desk (58 percent of respondents) the top tactics used. (Figure 1.15)

Figure 1.14 — Marketing Tactics for Customer Info Exchange

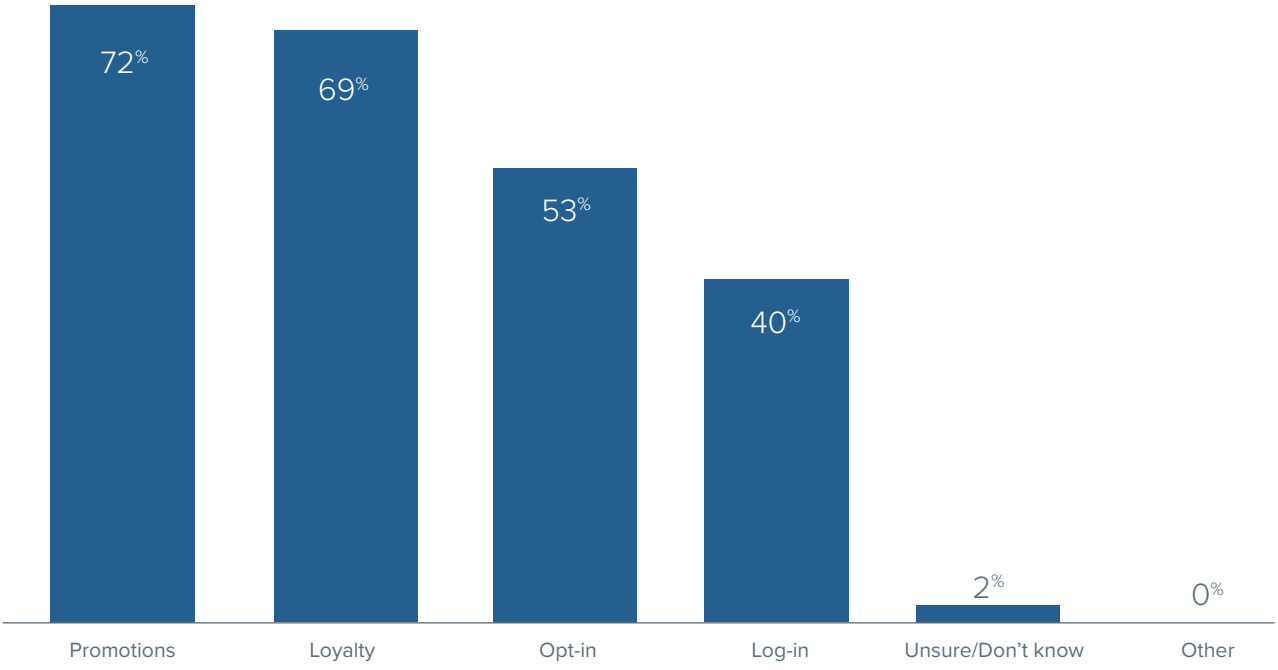
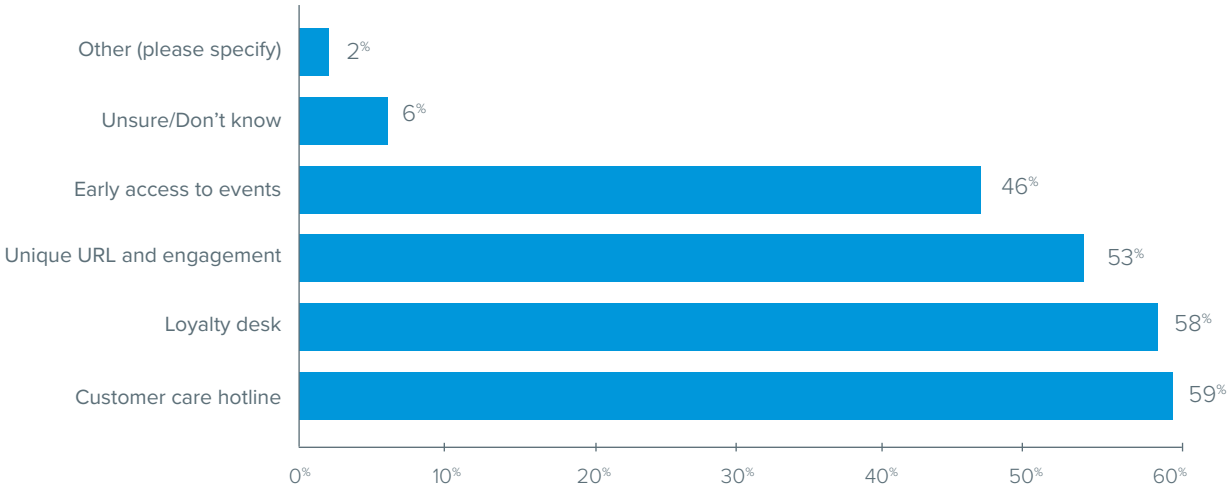


Figure 1.15 — Special Access Provided to Loyal Customers



Key differences between US and UK in loyalty tactics and journey insights

When looking at special access provided to loyal customers, our UK respondents indicated higher usage of loyalty desks (+22 percentage points) and unique URLs (+22 percentage points) than their US counterparts. (Figure 1.16) Additionally, UK respondents indicate 26 percentage points higher visibility into customer journeys in offline channels than US respondents. (Figure 1.17)

Figure 1.16 — Special Access Provided to Loyal Customers

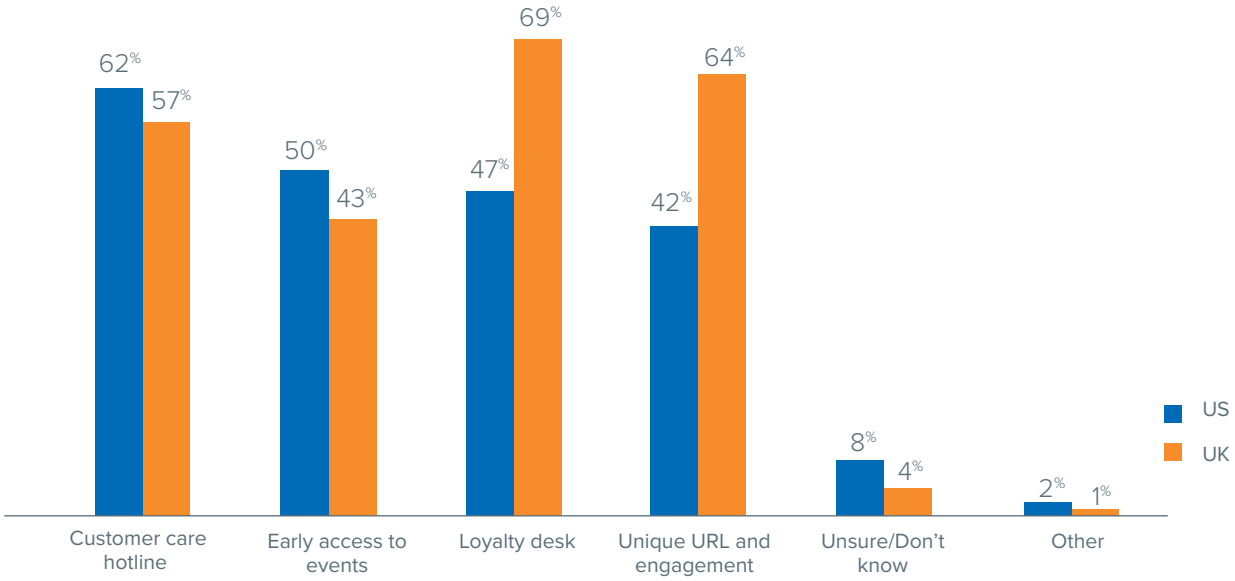
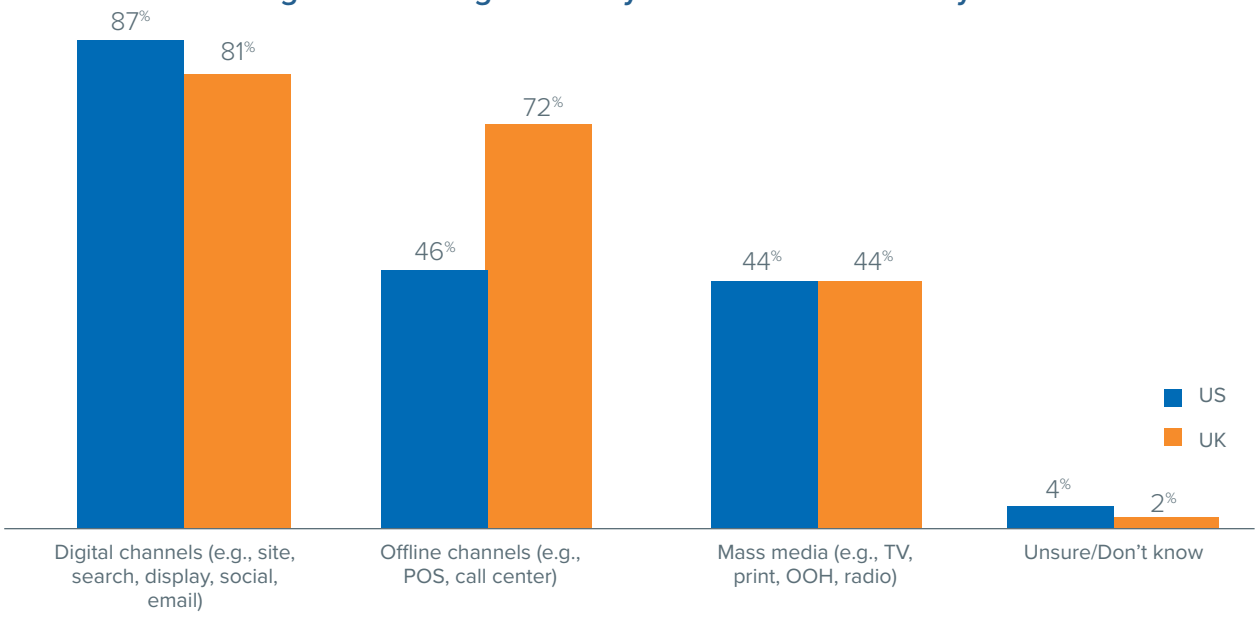


Figure 1.17 — High Visibility into Customer Journeys



UK leads US in data hub and orchestration adoption

Here the UK leads the US in adoption of both CDP and DMP solutions. (Figure 1.18) Additionally, UK marketers have implemented personalization in more channels to date than their US counterparts, with 57 percent indicating personalization in five or more channels, have implemented personalization in more channels to date than their US counterparts, with 57 percent indicating personalization in five or more channels, compared to 54 percent in the US. (Figure 1.19)

Figure 1.18 — Data Hub Acquisitions

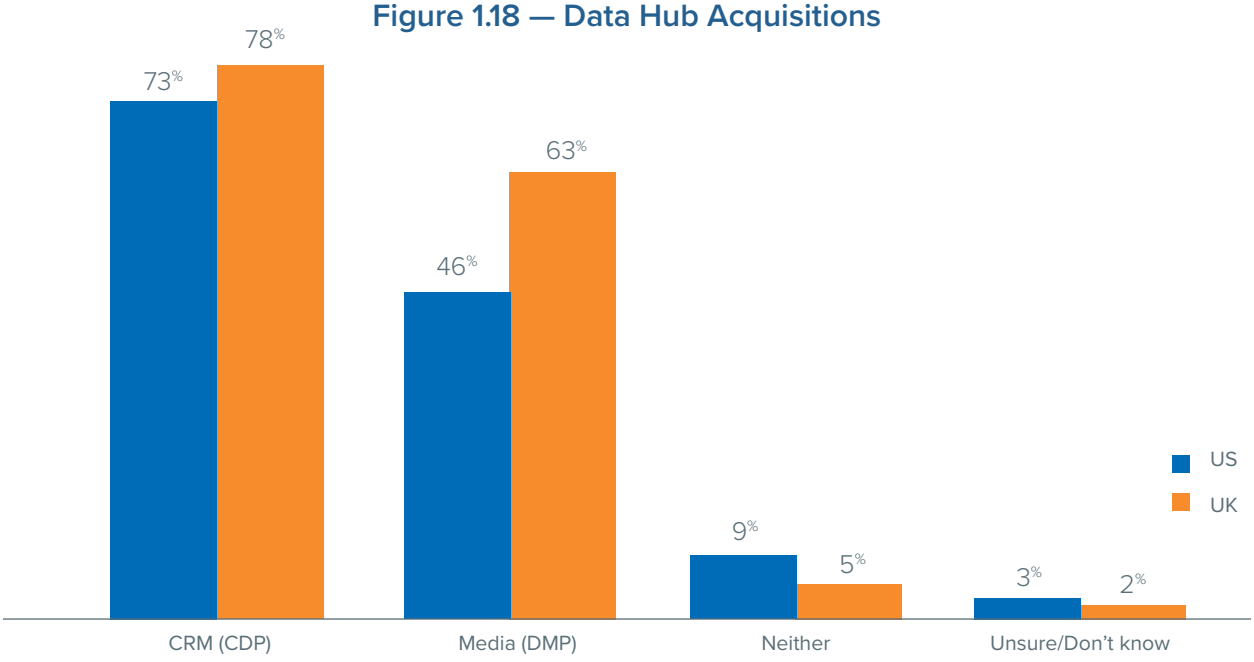
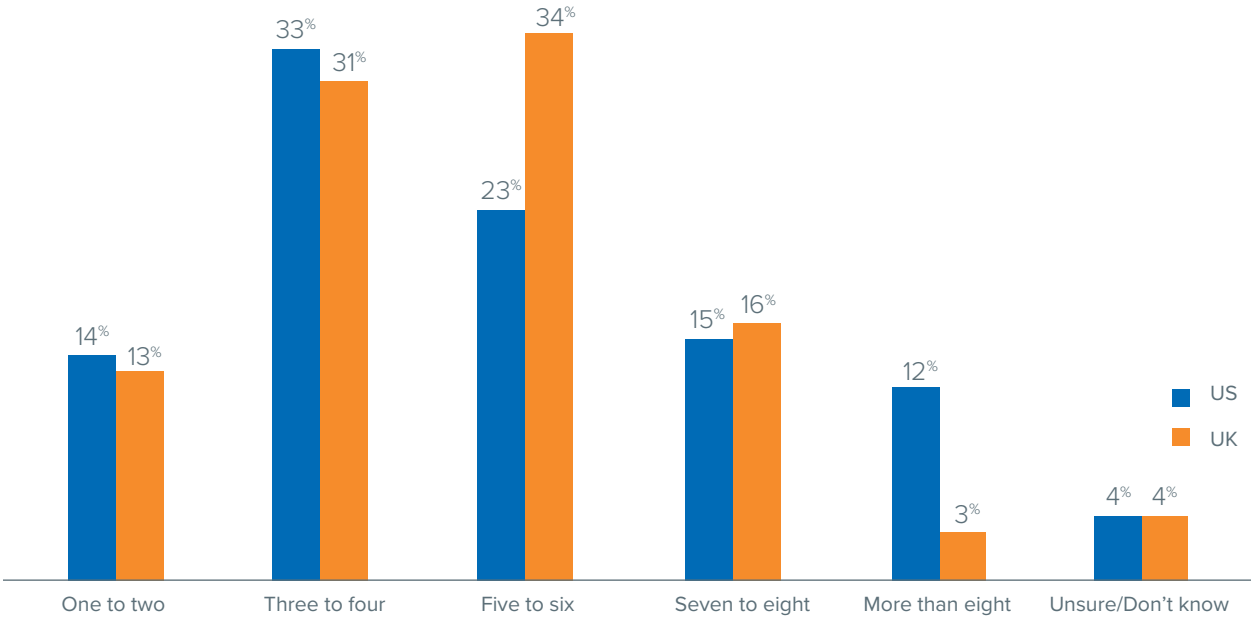
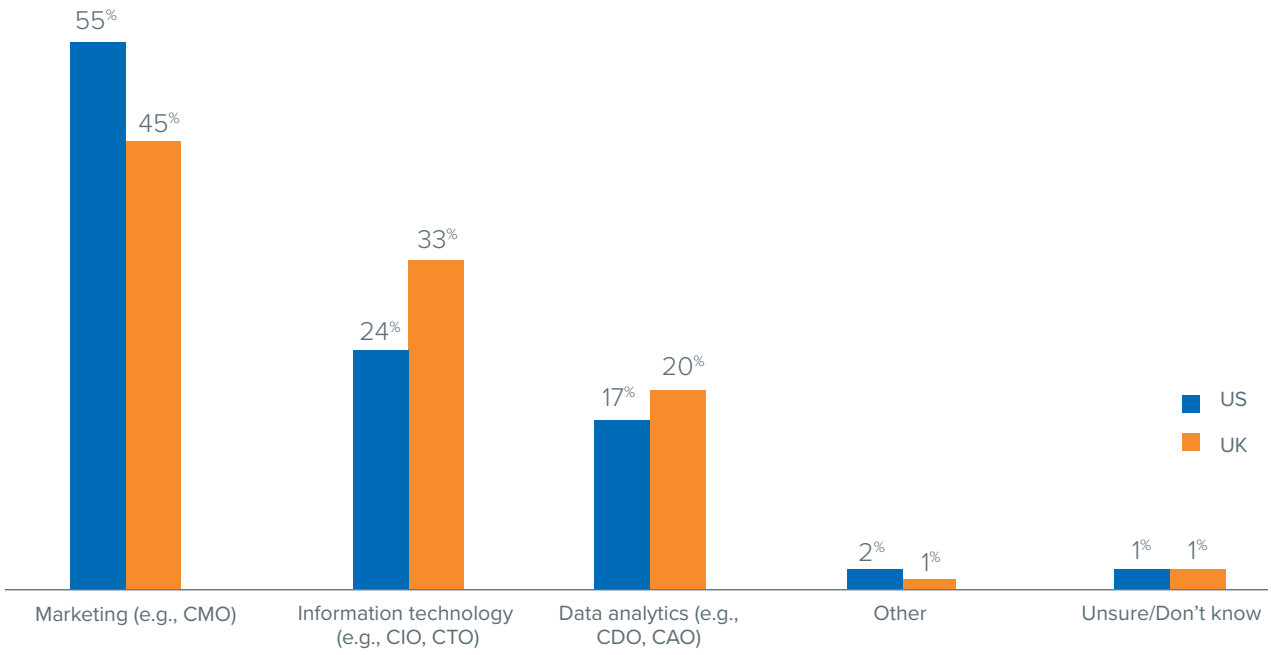


Figure 1.19 — How Many Channels Personalized to Date?



Finally, we take a look at the key differences between US and UK respondents in where data science lives within the organization. (Figure 1.20) A majority of US respondents indicate marketing as the home for data science, while we see a slightly more balanced spread among UK marketers.

Figure 1.20 — Where Does Data Science Currently Live in Your Organization?



CONTINUED INVESTIGATION OF PERSONALIZATION MATURITY

On the surface, marketers continue to report a high commitment to delivering personalized customer experiences. In addition to dedicating high levels of budget to personalization efforts and large investments in technology and organization structure (Q4 2019 survey), most marketers in the current survey reported a shift to omni-channel campaign strategies.

There are several important areas where marketers in the UK report greater personalization maturity. The combination of greater market pressures and faster digital adoption by consumers in the UK may explain their greater adoption of data hubs, personalization in more channels, use of more tactics to engage loyal customers, and higher visibility into customer journeys in offline channels.

Yet, as we have seen in past surveys, we once again find that the details expose gaps between this commitment and marketer's current ability to deliver great personalized experiences:

- **Relevance.** This current survey shows that marketers employ more pre-defined personalization tactics than tactics determined at the time of engagement. This adds to our finding in Q4 2019 that marketers recognize that a majority of their revenue is driven from data-based triggers, while only 28 percent of messaging is driven by one-to-one behavioral triggers. In addition, we found an under-utilization of channel data currently driving personalization.
- **Channels.** When implementing personalization technology, marketers roll out multiple channels within the first year; yet a majority report personalization in less than six channels in total. Based on our Q4 2019 survey, we know that personalization is most often deployed in email, site, and digital media channels, while less than five percent of marketers report implementing personalization in-app, through browser push, SMS/MMS, chat, or mobile push.
- **Technology.** Marketers are disproportionately investing in tools to manage customer data, with 75 percent of respondents having purchased a CRM data hub solution. While these tools are essential, an equal emphasis is required to operationalize that data to deliver personalized experiences via campaign and decision management tools.
- **Insight.** The current survey shows that just 41 percent of marketing reports answer business questions. Similarly, we found that revenue, retention, and ROI-based measures of marketing effectiveness are used by only about 55 percent of our respondents, while engagement is still the most widely embraced indicator.

Despite the progression of insights, more questions remain:

- Are marketers focused on a centralized orchestration of customer experience, across channels? With such a clear emphasis on a few channels, it isn't yet clear how organizations are transforming to integrate their strategy across all channels.
- What tactics are being used today? Great personalization involves more than a real-time, omni-channel approach. It also includes *what* is being personalized.

THE BARRIERS TO GREAT PERSONALIZATION

MATTHEW MOBLEY
Chief Technology Officer, Merkle

From mass media to digital messaging, marketers are rapidly moving toward a place of hyper-personalized engagement. Companies are wrestling to address consumers' expectations that brands know who they are. In the struggle, brands are running headlong into a common set of barriers: identifying the consumer, using data and insights to create relevance, and maintaining the consumer identity across the entire consumer experience. According to the 2015 *Harvard Business Review* article, "How marketers can personalize at scale," personalization can reduce acquisition costs by 50 percent, lift revenues by 5 to 15 percent, and increase the efficiency of marketing spend by 10 to 30 percent.[2] This means personalization at scale is an absolute imperative for marketers to achieve business outcomes.

The current state of identity spending

The ability to recognize the consumer at every touchpoint is the Achilles' heel for most marketers. That's why they allocate a significant portion of their marketing technology budget to it. Indeed, 68 percent of US companies and 82 percent of UK companies spend 16 percent or more of their marketing technology budget on identity alone. With this level of spend, we should be seeing a rise in the maturity levels of an organization's ability to identify consumers. However, in *Merkle's MarTech Survey*, an ongoing tool used to assess the maturity of Merkle clients, we found that **75 percent of US organizations are still in the developing stages of their identity maturity**. Overall, this points to a massive capability gap of an organization. Are companies wasting spend on identity capabilities? From an overall market perspective:

[2]Perrey, Matt ArikerJason HellerAlejandro DiazJesko, David C. Edelman, and Marc Singer. "How Marketers Can Personalize at Scale." Harvard Business Review, November 23, 2015.

This year, US marketers will invest nearly $900 million in services and solutions focused exclusively on identity.

This year, US marketers will invest nearly $900 million in services and solutions focused exclusively on identity. According to 2018 Winterberry Research, "Know Your Audience: The Evolution of Identity in a Consumer-Centric Marketplace," this is expected to grow to $2.6 billion by 2022. Often, the channel is viewed as the primary conduit for engagement with the consumer. The reality is that it is just the presentation layer. Data and analytics drive the experience.[3] The primary component for channel personalization is the identifier (e.g., email address, cookie, device ID) used to engage the consumer. Yet marketers are missing the boat – they are spending in the absence of a sound identity strategy to address their entire identity scope: first-party, second-party, and third-party identifiers.

Investing in a balance of management and operational technology

Identity drives our ability to know who we are engaging, while analytics provide our ability to be relevant. Companies spend a large portion of their marketing technology budget on capabilities to manage data and insights. We found that 58 percent of companies surveyed spent more on management technology. For example, this would include spend around marketing databases and analytics sandboxes versus campaign management and decision management tools.

A portion of the management technology budget is reserved for operational technology, which enables engagements to be relevant by adding context, such as data, intelligence, and analytics to each customer interaction. Only 1/4 of marketers spend equally in these areas, with about 1/3 of marketers spending completely on one side versus the other. **This imbalance is a massive problem.** Marketers should be leveraging marketing technology budgets for operational technologies, but this should not be done at the expense of the management technologies. We need both to create value. Oftentimes, these technologies are able to operationalize identity, data, and insights. And when they are operationalized, every channel can leverage this single source of truth to apply identity, context, and intelligence to create a shared, relevant experience across channels.

The media world has seen growing investments in operational technologies like DMPs, particularly the CRM version, the CDP (customer data platform). In fact, over the past few years, we have witnessed the acquisition of CDPs outstrip the acquisition of DMPs.

[3]"Know Your Audience: The Evolution of Identity in a Consumer-Centric Marketplace." Know Your Audience: The Evolution of Identity in a Consumer-Centric Marketplace | Winterberry Group. Accessed February 5, 2020.

The evolving roles of IT and marketing in data literacy

A frequent challenge lies in the fact that management technology investments are modeled from traditional IT design patterns around building data warehouses. They are highly rationalized data assets controlled by IT structures that don't provide an agile enough environment for a marketing organization to function. This problem is two-fold:

1. IT applies the control because, in many cases, marketers don't have enough technical data literacy in their organization to remove these controls.

2. The level of data literacy demonstrated by the business informs the relationship between data science and marketing.

Our research found that about half of organizations have a data science competency within the marketing organization, with the ability to more directly control and react to their data assets. However, this group still faces a barrier in how IT approaches data and insights platforms.

In order for marketing organizations to quickly react to consumer demands and market conditions, a pact must be forged between IT and marketing. As marketing increases technical data literacy, IT will function as a provider of data services and allow the business to be the ultimate controller of how they will consume and use data. This does not circumvent any IT-based process around compliance control and risk mitigation, but it draws a line saying that the business should control the rules of engagement when it comes to data.

As organizations drive toward more personal interactions, they need to be hyper-focused on the key drivers to personalization success: identity, data, and insights. Being able to leverage all of these components together in an agile way is the only path to differentiated experiences. Brands must invest in technologies that allow them to know their customer and operationalize their knowledge. Without these investments, organizations are left with a fragmented and unfulfilling customer experience, limiting marketing success. Customers view their experience with your brand as part of the product. It shouldn't be your weakest feature.

Our research found that about half of organizations have a data science competency within the marketing organization, with the ability to more directly control and react to their data assets. However, this group still faces a barrier in how IT approaches data and insights platforms.

THE KEY TO DELIVERING BETTER PERSONALIZED EXPERIENCES: Understanding the Cross-Channel Customer Journey

BY ALEX YODER
EVP, Analytics, Merkle

We live in the age of the customer. It is often said that customers will determine the success and failure of a business, define the brand for the company, and frequently have direct influence over product development and strategic direction. In 2016, Salesforce research found that consumers now expect brands to play an important part in their lives, with 75 percent expecting brands to anticipate their needs.[4] In addition, Cone's research from 2018 states that 71 percent expecting brands to inspire them.[5] Yet, few companies have really mastered the art of managing and automating customer experiences across the variety of brand interactions that result in a consistent, positive outcome.

It is fascinating to note that during the past three years of massive economic expansion, disruption is even greater. According to the ANA's CMO Agenda: Driving Growth, "June 2017 data from Fortune showed that 41 percent of Fortune 500 companies experienced flat to declining revenues in 2016 and 53 percent wrestled with flat to declining after-tax profits."[6] Conversely, direct-to-consumer businesses are booming, because they put the customer in control. Consumer priorities are accelerating at a faster pace than ever, making the need to understand, connect, and identify customers in real time paramount to a brand's ability to survive.

[4]"What Are Customer Expectations (and How Have They Changed)?" Salesforce.com. Accessed February 5, 2020.

[5]Komornicki, Sophie. "Americans More Loyal And Willing To Defend Purpose-Driven Brands, According To New Research By Cone — Cone Communications: Cone: Cone PR: Cone Inc: PR Agency: Boston: NYC." Cone. Cone Communications | Cone | Cone PR | Cone Inc | PR Agency | Boston | NYC, May 30, 2018.

[6]"CMO Agenda: Driving Growth: Insight Briefs: All MKC Content." ANA. Accessed February 5, 2020.

Few companies have really mastered the art of managing and automating customer experience across the variety of brand interactions that result in a consistent, positive outcome.

Companies are still not offering superior quality customer experience to known, high-valued clients. Why? They struggle to quantitatively define customer experience with a measurable and manageable approach over time. As illustrated in Figure 2.1, when customer identity is unknown, proxies are used, most often through indirect inferences from engagement activities and cumulative sales data. Even when identity services are used, they are typically not paired with effective sentiment-graph data (i.e., how consumers feel about your brand, services, or products) to provide a sense of context and a feeling of "why." We all know that customers can be unpredictable and emotional, but we are just beginning to harness this data to complete our understanding of the customer experience.

Figure 2.1 — The Optimized Customer Experience

The optimized customer experience requires a series of efforts spanning technology, marketing tactics, sophisticated analysis, and, increasingly, the use of artificial intelligence (AI) to accelerate the speed of capture of customer information. This helps to make real-time decisions focused on maximizing a discreet opportunity to delight a customer. (See Figure 2.2)

The 8 components required to improve customer experience and value over time

1. **Identity** – Identity is required for connecting cross-channel experiences and our study shows that a majority of marketers recognize its value by spending over 20 percent of their budget on identity services.

2. **Customer data** – You must incorporate all available first- and third-party data for a complete view of the customer. Account information, the customer profile, and interactions across sales, service, and brand should inform the customer experience calibration at every touchpoint.

3. **Predictive modeling and journey analysis** – Leverage both customer data and identity data to build customer lifetime models, event streams at the customer level, and customer journey analysis to understand how past customer behavior can inform expectations for future outcomes.

4. **Marketing tactics** – You must give to get. In other words, if you want consumer information and data, you have to provide something truly special in terms of experience and access, and you must reward loyalty.

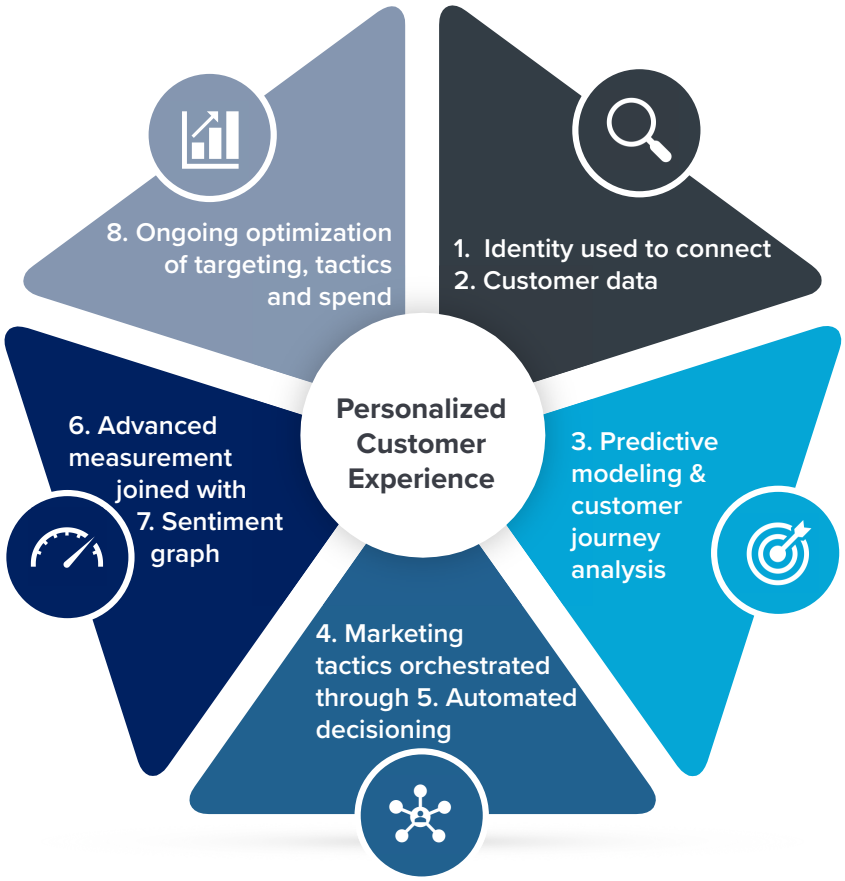
5. **Automated decisioning** – The world has moved beyond single-channel, rules-based updates to content. Leveraging the information from identity, sentiment graph, multiple event streams and connected attribution allows the AI-powered decisioning engine to update the experience in real time, across online and offline experiences.

6. **Advanced measurement** – As new customer privacy regulations evolve, measurement methodologies must also evolve to fully leverage each data stream at the level of granularity available. Hybrid approaches take into account all sources, including mass media, cookie-less digital data and known customer data captured through sales, service, and CRM communications.

7. **Sentiment graph** – To truly anticipate the customer's needs, we must be able to capture and reflect our knowledge of how they feel about the brand. By joining sentiment data to interactions, we can fine-tune experiences to be far more relevant to the customer.

8. **Ongoing optimization** – When sentiment is used to explain the "why" of measured marketing effectiveness, we are better equipped to refine targeting, improve tactics, and make better decisions on overall marketing investment. Testing remains an important part of this step.

Figure 2.2 - Improving Customer Experience and Value Over Time



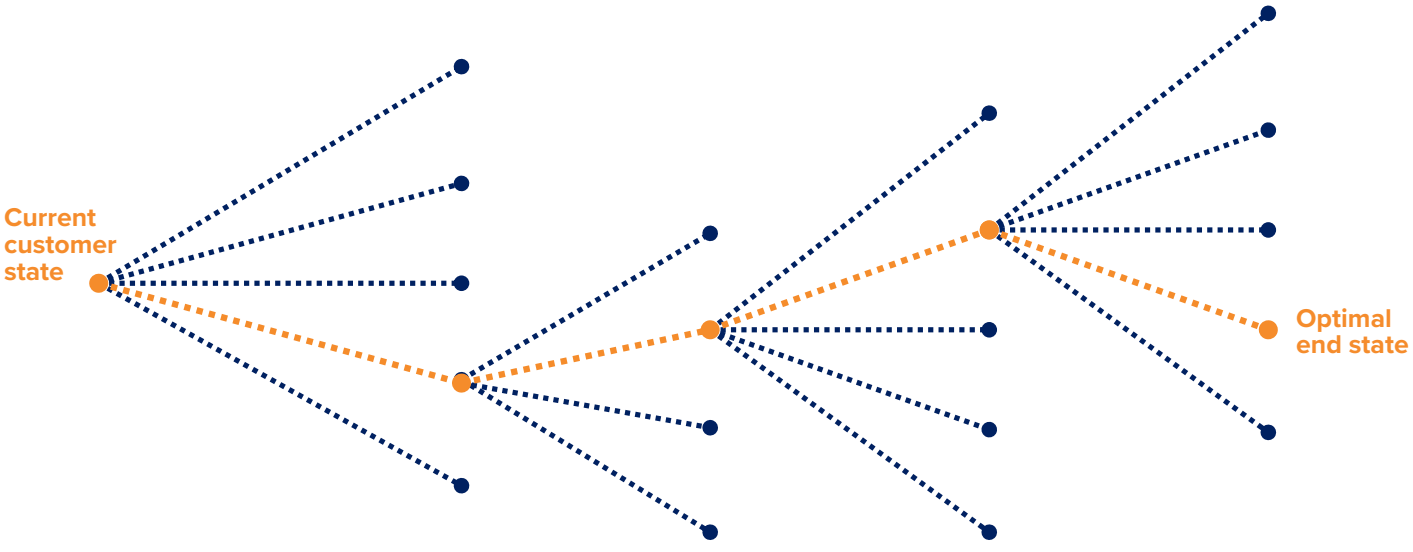
Where do you start?

In our experience, marketing organizations don't tackle this all at once:

- Identity initiatives prepare marketers for the deep, 360-degree customer analyses needed to develop their customer experience strategies.
- Customer journey analysis provides marketers with a deep understanding of customer experience that is actionable – from customer and channel strategy to next best action (NBA) strategy. (Figure 2.3)
- The orchestration of these strategies provides the true competitive advantage by automating each at a one-to-one level and using AI to continuously refine.
- Advanced measurement helps to identify and close gaps in identity and emotional engagement and to improve the tactics used to get customers to opt in to more personal experiences.
- Testing the effectiveness of the outputs allows for the balance of optimized experience delivery and improved marketing effectiveness.

It is a flywheel that begins slowly and builds momentum over time, never ceasing to require more sophistication, strategy, and organizational structure to support it. (Figure 2.3) Then again, we are in the age of the customer, so why not? It's possible your company's future depends on it.

Figure 2.3 — Personalization Flywheel



CASE STUDY 1

MATURE PHARMACEUTICAL BLOCKBUSTER DRUG LOOKS TO OPTIMIZE ENGAGEMENT THROUGH RELEVANT AND SEQUENTIAL MESSAGING

Results

- **25 percent** contribution to total prescriptions (TRx) due to promotional activities
- **3 percentage points improvement** in ecosystem contribution from previous campaign period
- **21 percent gain** in attributed prescriptions for healthcare professionals that engaged with non-personal communications
- **2x increase** in effectiveness showing 2+ content screens during sales calls

Challenge

A mature blockbuster drug manufacturer was looking to strengthen prescriber relationships in a specialized competitive marketplace. The brand wanted to optimize messaging at a quicker speed to be able to serve up relevant content to healthcare professionals (HCPs), but prescription data and measurement was only available on a lag. The brand also recognized that tracking audience performance by tactic was an ineffective way of understanding brand affinity and did not allow for message optimization at the individual or segment level.

There was a clear need to create a marketing solution that would allow for quick, in-market changes to better serve the audience. This type of program would also require a measurement approach that would allow for forward-looking optimization and backward-looking validation of changes implemented.

Keys to Success

- Merkle Implemented a roadmap with real, attainable phases of program maturity.
- Supported the initiative with clear measurement objectives and a custom measurement approach by phase of program maturity.
- Created an organizational culture of optimization cycles every two weeks by having clear roles and responsibilities across the various business units in the organization, as well as supporting vendors, agencies, and third-party providers.

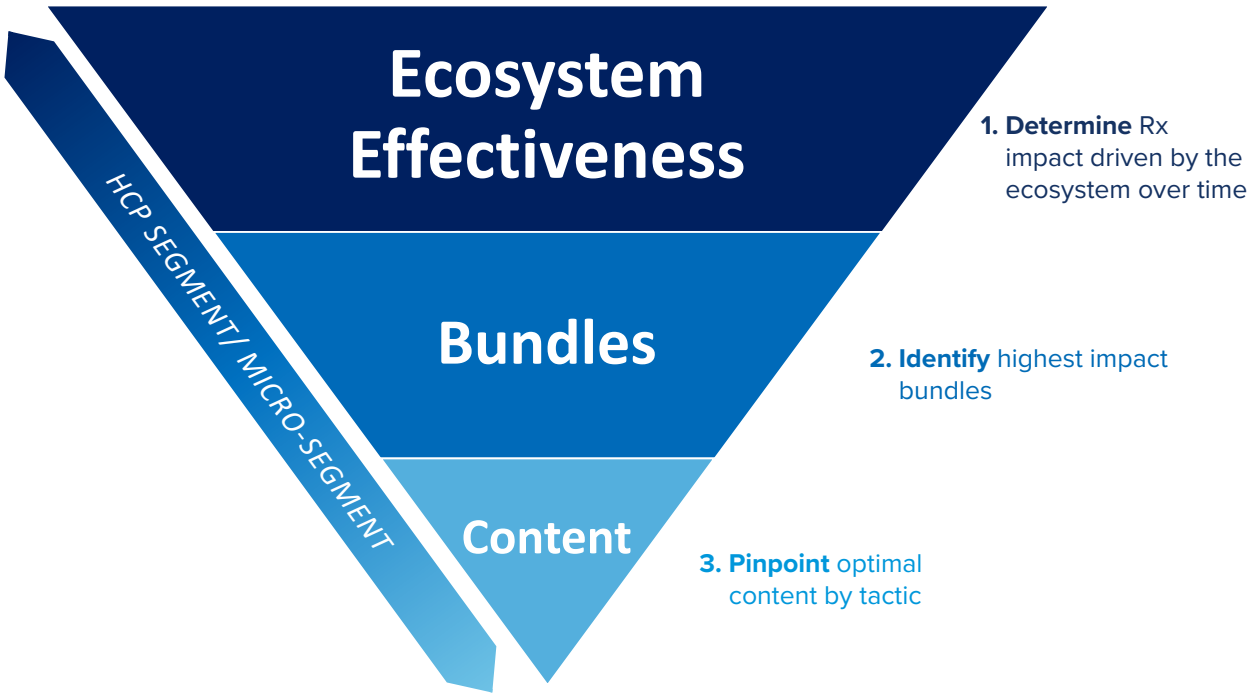
Approach

- The brand recognized that engagement is an early-stage surrogate for campaign performance and impact. It designed a program focused on increasing engagement across their multi-channel professional ecosystem, which included a mix of digital, non-personal, and personal tactics. Working with Merkle, the teams decided to approach the audience using a sequential tactical communication strategy, executed through relevant trigger streams.

- This program was supported by (1) frequent (every two weeks) optimizations at the individual HCP level that aimed to deliver the highest engaging experience through a variety of tactics, and (2) a rigorous measurement approach that utilized both an integrated daily dashboard to understand tactical performance and a multi-channel attribution approach to measure impact.

- Customer engagement was measured across tactics and used as a key performance indicator (KPI) guiding optimization. That KPI eventually became integrated into the impact measurement as a dimension to gauge the correlation of engagement and Rx impact.

- The multi-touch attribution approach allowed for measurement at each addressable marketing touchpoint. This enabled the brand to understand the incremental impact of the new ecosystem, the contribution of each tactic, and the effectiveness of different content, all at the individual HCP level, which can be aggregated as desired. Measurement results facilitated longer-term tactical optimizations and further justified the approach being taken as an effective solution.



CASE STUDY 2

HOW A 100-YEAR-OLD MANUFACTURING COMPANY PLANS TO DELIVER A MULTI-YEAR DIGITAL TRANSFORMATION

Results

- Designed and delivered a multi-year customer-centric transformation roadmap spanning governance, marketing strategy, digital experience and CRM
- Secured buy-in across multiple business units and regions necessary for driving future company growth

Challenge

In early 2019, Merkle started working with a mid-cap manufacturing and services company to identify the company's challenges in driving B2B customer engagement and lead generation across a fragmented landscape of websites and apps. The business's marketing and sales efforts were substantially underperforming, and management realized outside expertise was required to address the issues.

In addition, the business's CRM and analytics technology systems were disconnected and unable to provide a unified view of the customer or sales opportunity pipeline across business units.

Keys to Success

- The brand's senior executive management team championed this initiative. They displayed enthusiasm about the potential impact and were highly engaged to ensure buy-in across the company.
- We conducted an exhaustive audit and performance assessment of the brand's solar system of customer experiences, uncovering opportunities to improve engagement and provide better connections with customers across their journey with the brand.
- The Merkle assessment and roadmap framework that was ultimately employed is designed to look across organizational silos. It provides management with a unified view that makes it easier to identify and address any barriers to delivering the complete, personalized customer experience.

Approach

The solution Merkle provided consisted of a marketing technology and customer experience assessment and design of a multi-year digital transformation roadmap. The assessment and roadmap framework spanned four key areas of the business: governance, marketing strategy, digital experience, and CRM.

Merkle conducted an enterprise scale audit and performance assessment of the brand's marketing and sales processes, technology platforms, and 20+ websites and apps that make up its web landscape, or as we call it, the solar system of customer experiences. We worked with numerous stakeholders spanning sales, strategy, marketing, IT, business line managers, and the executive team in North America.

Merkle's digital transformation assessment framework covered four key areas of the brand's business, sales, and marketing functions. These four pillars also served as the basis for the digital transformation roadmap.

- **Governance** – The governance recommendation called for the formation of a digital transformation project management office within the business, tasked with overseeing the delivery of the multi-year roadmap.
- **Marketing strategy** – A comprehensive program was designed that encompasses optimization and management of all marketing and sales related content, customer, and business partner strategy, as well as measurement framework development.
- **Digital experience activation** – This part of the roadmap identified the need for numerous websites and apps to be consolidated and redesigned to enable greater engagement and lead conversion. In addition, the roadmap specified migrating to Adobe Experience Manager, Asset Manager, and Adobe Analytics.
- **CRM** – Working with a partner agency within Dentsu Aegis Network, a Salesforce-enabled, back-end lead generation engine was recommended to capture, route, score, and record all inbound leads from the web, tradeshows, and direct channels. In addition, a Merkle infrastructure-based data repository was specified to support multi-channel and sales performance reporting and analysis.

Next steps

After several rounds of review and alterations to the digital transformation roadmap, the client worked with Merkle to to build a multi-phase, multi-year plan.

In Q4 of 2019 the governance and marketing strategy work tracks kicked off and an integrated team of Merkle and client resources consisting of marketers, strategists, analysts, and business line managers are actively engaged in customer research and the development of a unified marketing and sales strategy.

CASE STUDY 3

News UK

DRIVING CUSTOMER VALUE, INCREASING ENGAGEMENT, AND REDUCING CHURN

Results

Over the 34-week period of the project:

- **21 percent increase** in engagement (opens and clicks)
- **200 percent boost** in click-through rate
- **49 percent reduction** in churn rate

Challenge

The Times, Britain's premier daily newspaper, provides news content from behind a paywall, therefore driving value from the subscription is key. Content consumption forms a key part of the engagement strategy. The challenge Merkle faced was to use AI-driven models to build engagement from the newsletters, thus building out customer value and reducing churn.

Keys to success

- The creation of a specific working group to focus on the project was critical to make decisions quickly. Merkle also worked in two-week sprints to rapidly test and learn. With its own internal-facing sub-brand – ***Project James*** – the team was made up of experts in editorial, marketing, AI technology, and data, all working together to take advantage of the new technology.
- The technology itself introduced a ground-breaking content recommendation capability that had previously been impossible. AI technology was at the center of the project; however, this was only made possible through a series of key data initiatives:
  - the build of sophisticated relational tables linking all the content to individual customers
  - the WCA Send-Time Optimization technology from IBM, which enables delivery of an email on the day and time the customer is most likely to open it, based on past behavior
  - the build of dynamic HTML, so that content and format could be personalized
  - the availability of dynamic subject lines, all content tagged and then fully automated using metadata

- The project itself provided real benefit to consumers who want to receive as much value as possible from their subscriptions. A news summary email based on previous history strengthens the Times proposition by making news content more relevant, in the right format, at the right time, and with the right frequency.

Approach

A rigorous and innovative testing strategy was key to bringing the strategy to life.

- First, six different core content propositions were explored: Daily Briefing, Cartoon of the Day, Top Commented & Top Shared, End the Day on a High Note, Suggested Reading, and top 20 articles. Together, these make the core components of the Times news summary emails; however, different readers all consume the content in their own order. Eleven models were built that contained various combinations of the propositions, and then these were tested for optimum impact.

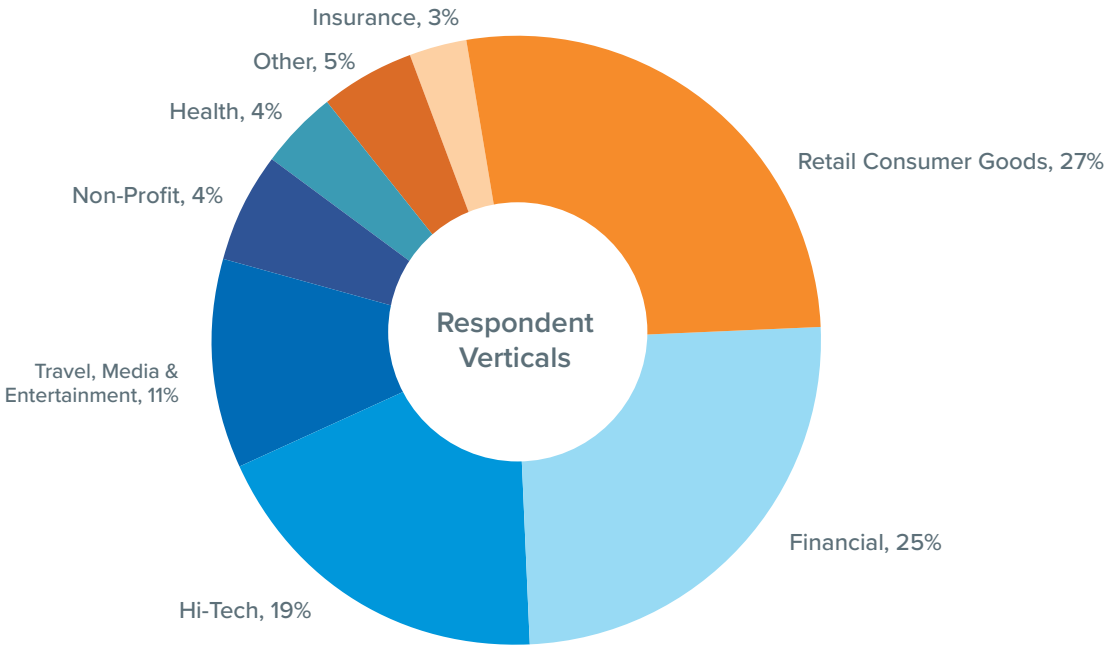
- Next, time-of-day and frequency variables were tested to understand how these factors can be varied to optimize open and click rates.

- Finally, formats were tested; the design and layout of the emails were created using different combinations of copy length and number of images to see which formats different consumers preferred at different times.

Using AI technology to build and then evaluate the efficacy of each variable resulted in the optimum combination of content, timing, frequency, and format, with the most successful variables being used more and more.

METHODOLOGY

The insights in this report were developed from a survey conducted by Ugam, a Merkle Company, in November 2019, which consisted of 400 marketers at major US and UK brands, spanning verticals including retail and consumer goods, high-tech, financial, travel, media, & 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 9,400+ employees, Merkle is headquartered in Columbia, Maryland, with 50+ additional offices throughout the US, EMEA, and APAC.

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

MERKLE

MERKLEINC.COM