



MRS CGG Autumn seminar: Multi-channel Targeting

An overview of targeting for multi-channel marketing

Mark Patron, CEO, RedEye

23/11/09

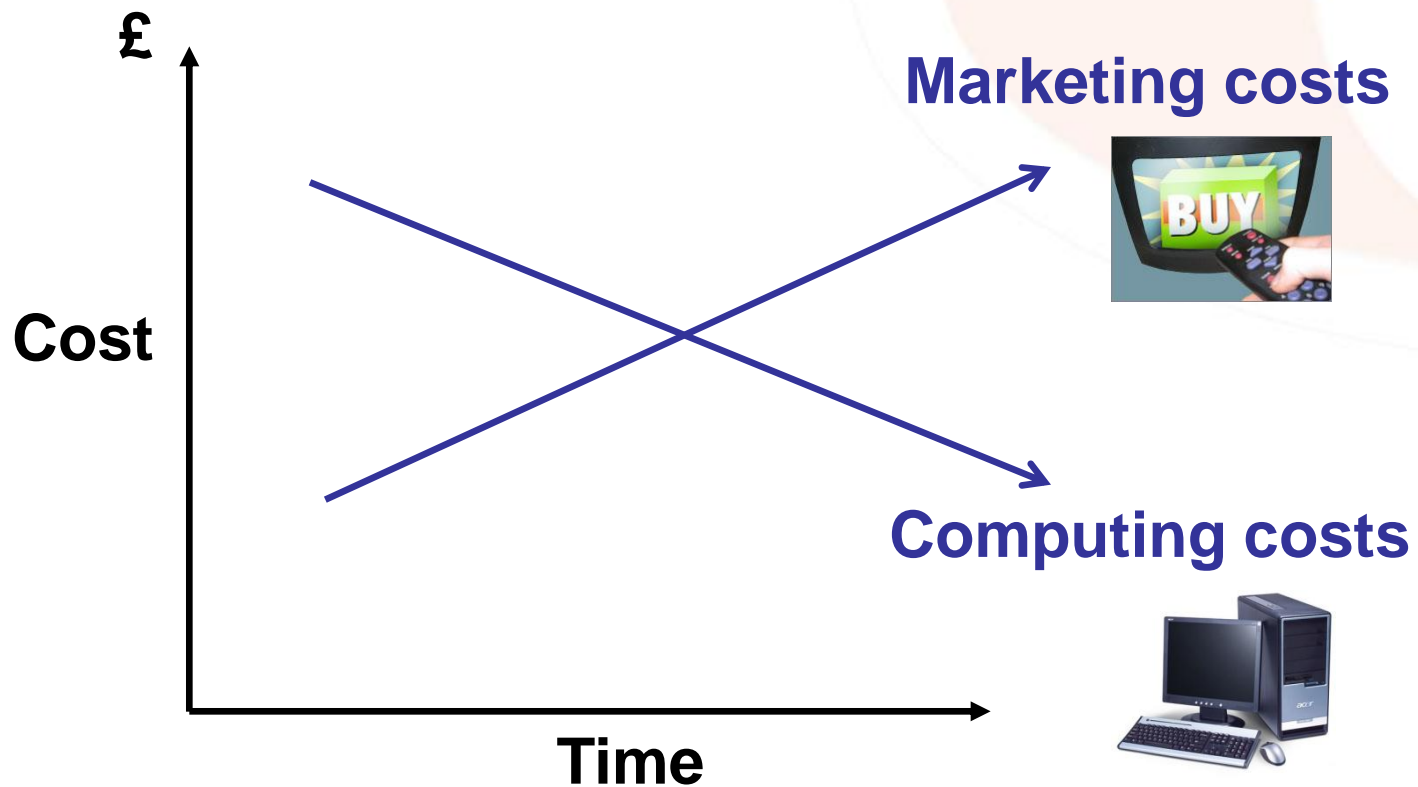


Agenda

- Market trends
- Why aligning offline & online is important
- Data and database integration
- Segmentation and targeting



Cost of technology is a key driver of change



The 'Martini' Effect

- Consumers can choose when and where they do things
 - *any time, any place, anywhere*
- Consumers expect consistent service at all times
- New channels augmenting existing ones rather than replacing
- Customers using two channels spend 114% more than single channel shoppers
- Consumers using three channels are 48% more profitable than those using just two



Source: IBM Best Practices in Multichannel Retailing



Multi-channel marketing trends

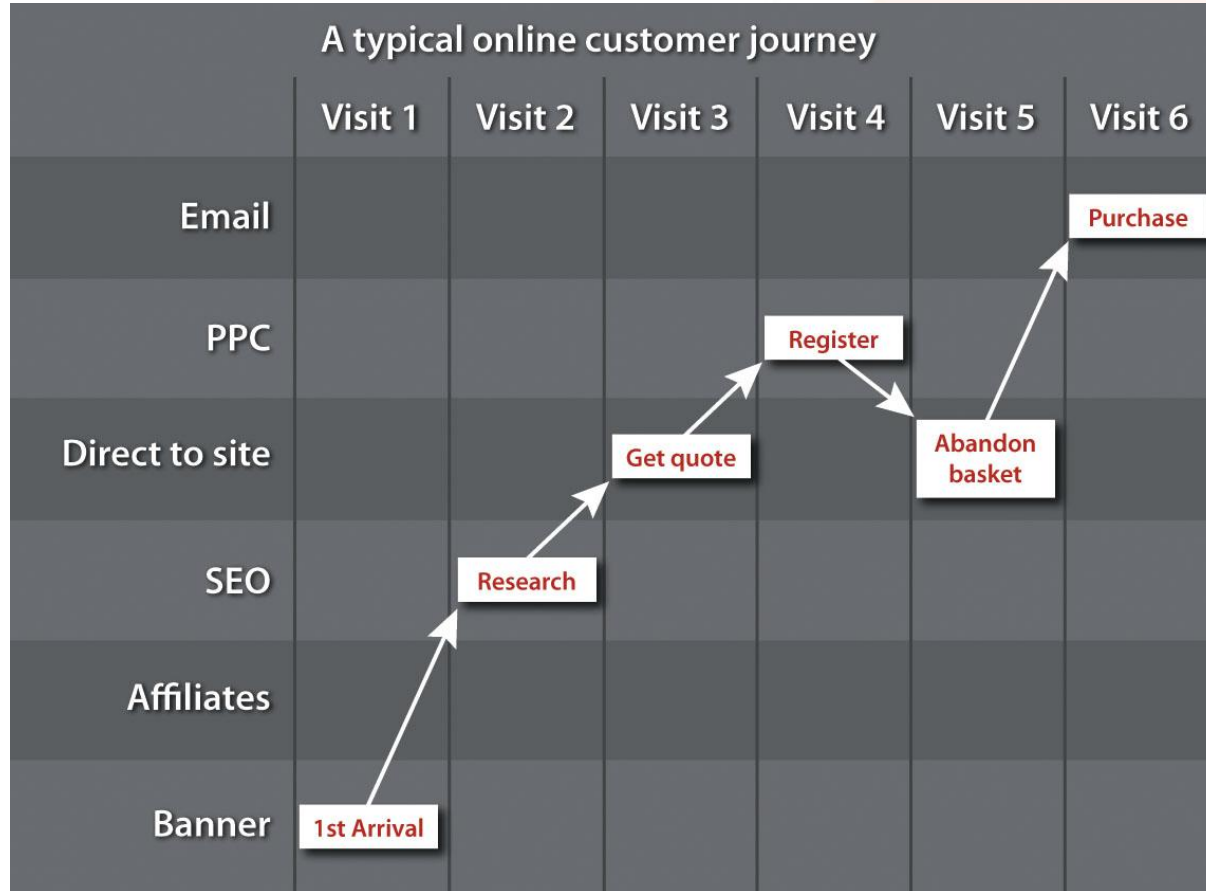
Past

- Mass marketing
- Creative driven
- Media planning silos
- Panel data
- Push marketing

Future

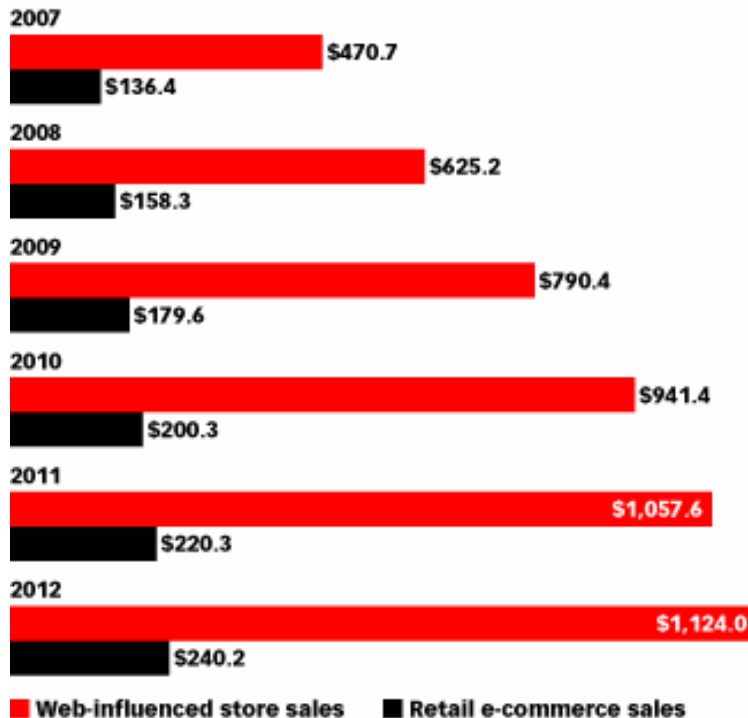
- Target marketing
- Data driven
- Media attribution
- 100% census coverage
- Pull marketing...

Multi-channel marketing



Offline and online inexorably linked

US Web-Influenced Retail Store Sales vs. Retail E-Commerce Sales, 2007-2012 (billions)



Note: eMarketer benchmarks its retail e-commerce sales figures against US Department of Commerce data, for which the last full year measured was 2007; excludes travel sales
Source: eMarketer, February 2008

091927

www.eMarketer.com

For every \$1 online sales, Internet influenced \$3.45 of US store sales

Online consumers are becoming multi-channel precision shoppers

Primary Holiday Shopping Retail Channel Used by US Online Buyers, November 2007 (% of respondents)

Online and retail stores	43.14%
All retail stores	18.28%
All online	17.78%
Online, catalogs and retail stores	13.94%
Online and catalogs	3.95%
Catalogs and retail stores	2.44%
All catalogs	0.47%

Source: Shop.org, "2007 eHoliday Mood Study" conducted by Shopzilla, December 10, 2007

090495

www.eMarketer.com

63% of US online buyers made their holiday purchases in two or even three retail channels



Multichannel is going to get harder

Multitasking Activities of US Child and Teen Internet Users Who Are Simultaneous TV Viewers and Internet Users, 2002 & 2007 (% of respondents)

	2002	2007
Visited a Web site seen on TV	41%	50%
Sent IM or e-mail to someone watching same TV show	18%	35%
Engaged in other* online activity that I saw or heard on TV	21%	33%
Selected TV viewing based on online activity	10%	17%
Engaged in one or more of the above	55%	73%

*Note: n=833 ages 9-17; *respond to a poll, enter a contest or play a game
Source: Grunwald Associates, "Kids' Social Networking Study" provided to eMarketer, March 10, 2008*

093196

www.eMarketer.com

Getting the undivided attention of young consumers is getting tougher, they watch TV and use the Internet at the same time. Multichannel is a media planning challenge...



RedEye

Online Behavioural Marketing & Analysis

www.redeye.com

Single source data

- The Holy Grail of marketing information is single source data
- The key to good CRM, in terms of both providing good service and maximising sales opportunities, is to ensure that all channels are integrated and that contact and customer data is recorded centrally
- If single source data is not possible then next best thing is data integration...

Data integration techniques

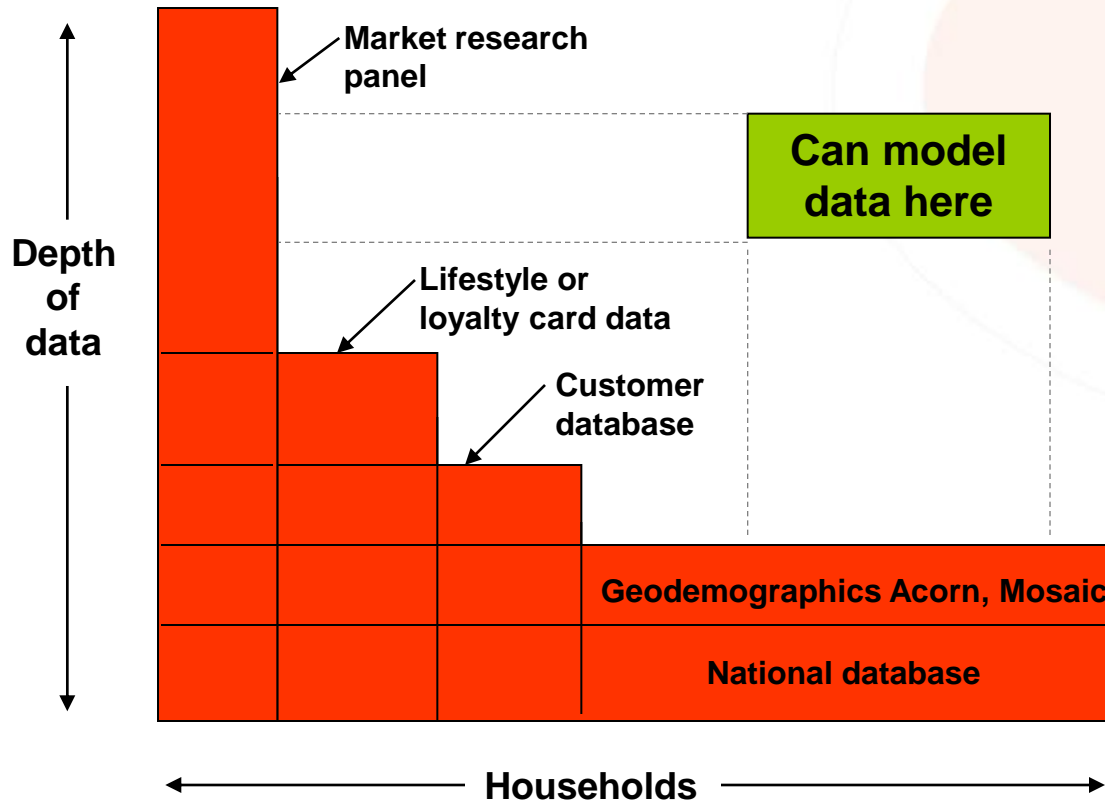
- in order of accuracy:
 - Single source data
 - One compiled database built from different sources
 - Link by URN (unique reference number) such as user name, email address, mobile or loyalty card membership number
 - Data fusion (e.g. BARB/TGI, TGI First T)

Biggest issue is often cultural

- Market researchers believe answer is on market research panel
- Direct marketers believe answer is on marketing database
- Best answer is often both...



Data fusion of market research with marketing databases



Data fusion can make market research data more actionable

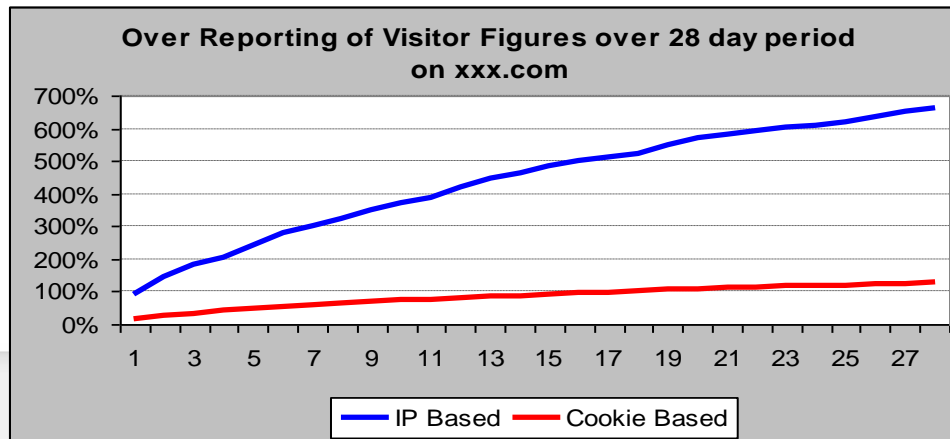
Online marketing measurement methods

- Web analytics
- User testing
- Panels
- Surveys
- Internal search logs
- Monitor social media



Good online data quality is key

Method	Good	Limitations
IP	Cheap and easy	Inaccurate <i>garbage-in garbage-out</i>
Cookie	Cheap and easy, More accurate	Cookie deletion and blocking
Log in	More accurate for registered visitors, Better for targeting	More expensive What to do about non registered users?
Cookie & log in	Much more accurate	More expensive More difficult More commitment needed



Some clicks are more valuable than others

US Online Clickers*, by Number of Clicks, July 2007 (% of respondents)

	Heavy (4+ clicks)	Moderate (2-3 clicks)	Light (1 click)	Non
% Internet population	6%	10%	16%	68%
% of clickers	18%	31%	51%	-
% of clicks	50%	30%	20%	-

Note: *anyone who clicked on at least one ad
Source: comScore, Starcom USA and TACODA, "Natural Born Clickers" as cited in press release and provided to eMarketer, February 12, 2008

092375

www.eMarketer.com

50% of clicks come from 6% of people, which means that unique visitors has become a meaningless metric

Click-Through Rates of US Online Clickers*, July 2007 (% of respondents)

Light clickers (1 click)	0.04%
Moderate clickers (2-3 clicks)	0.05%
Heavy clickers (4+ clicks)	0.08%

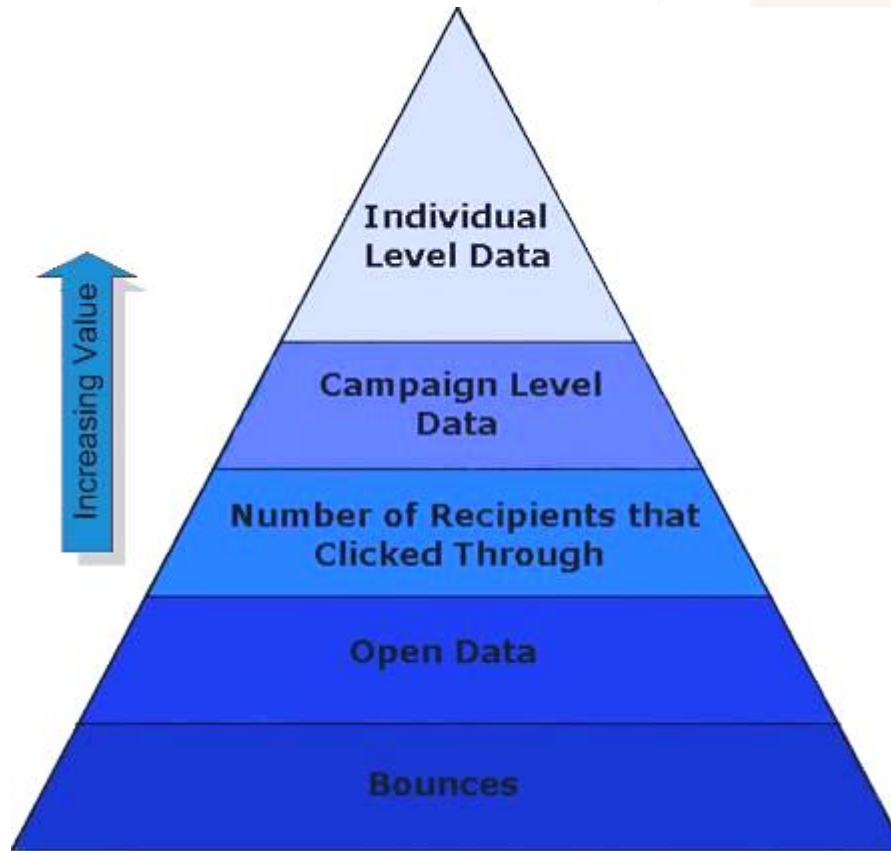
Note: *anyone who clicked on at least one ad
Source: comScore, Starcom USA and TACODA, "Natural Born Clickers" as cited in press release and provided to eMarketer, February 12, 2008

092376

www.eMarketer.com



Customer-centric marketing requires individual level data...



Source: Forrester



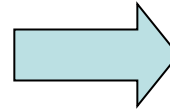
RedEye

Online Behavioural Marketing & Analysis

www.redeye.com

...and an integrated database solution

Fragmented Internet Marketing Solutions



Integrated Internet Marketing Solution



Source: Forrester



However in reality integration can be a nightmare

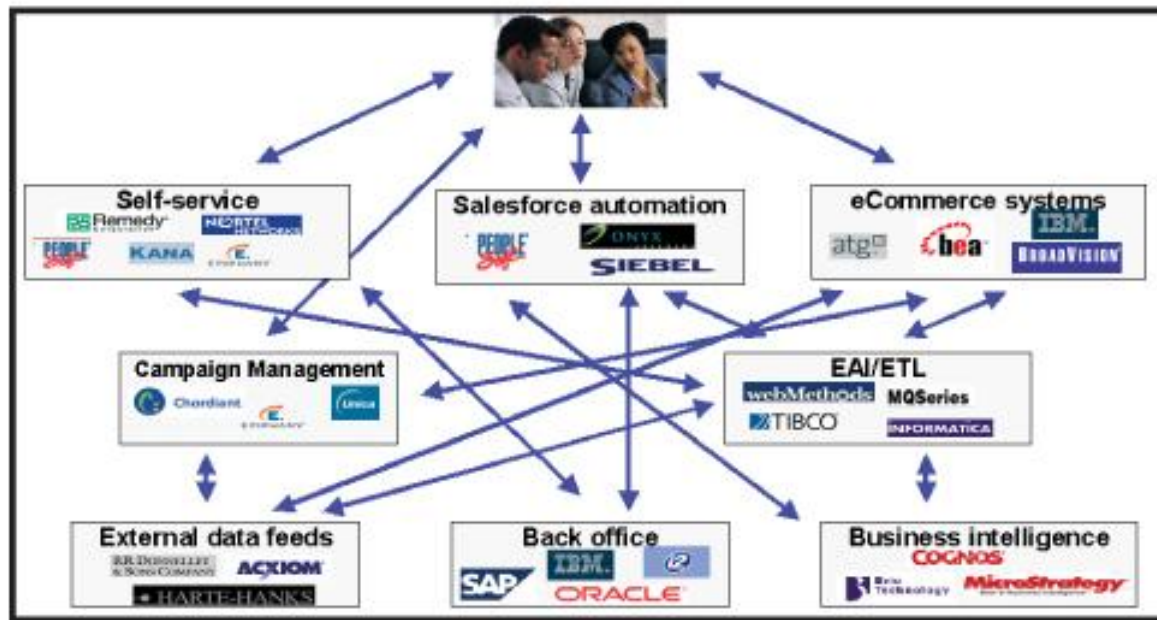
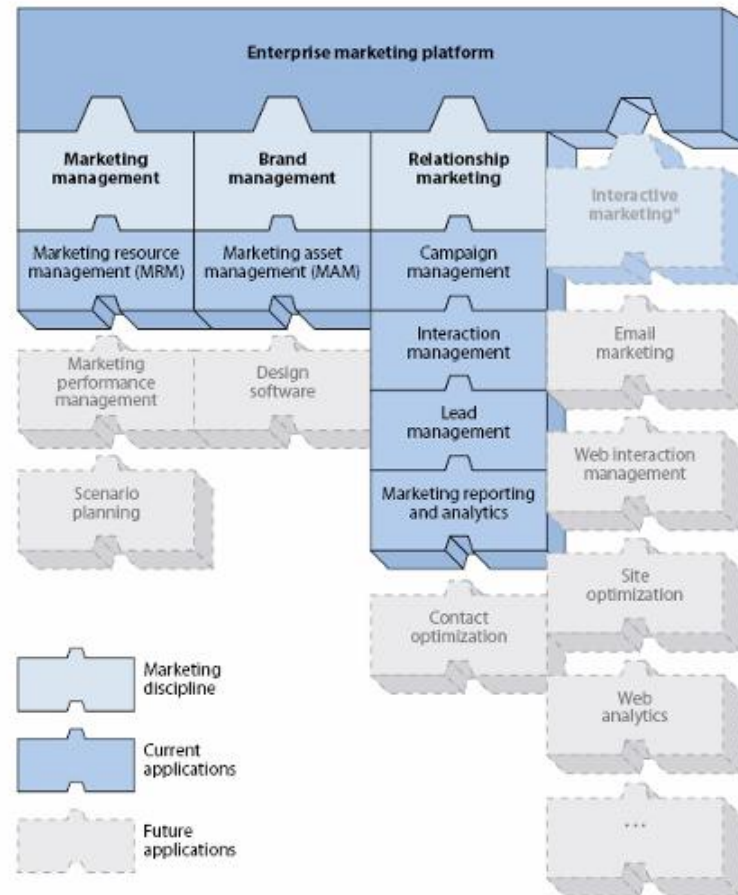


FIGURE 1 | Disparate islands of technology: A tangled web of integration

Online marketing not yet part of the marketing platform



Source: Forrester

Data comparison explains lack of online and offline integration

Offline data

- Name & address
- Household/person/transaction structure
- Marketing database
- Demographics and RFM segmentation

Online data

- Cookie & session
- Person/cookie/session database structure
- Web analytics (d'base)
- Behavioural and RFM segmentation

Today linking offline & online data rarely done at granular level



Types of target marketing data

Customer	{ Transactional/RFM Behavioural	What? Where?
Demographic	{ Lifestyle Credit	How?
Attitudinal	Market research	Why?

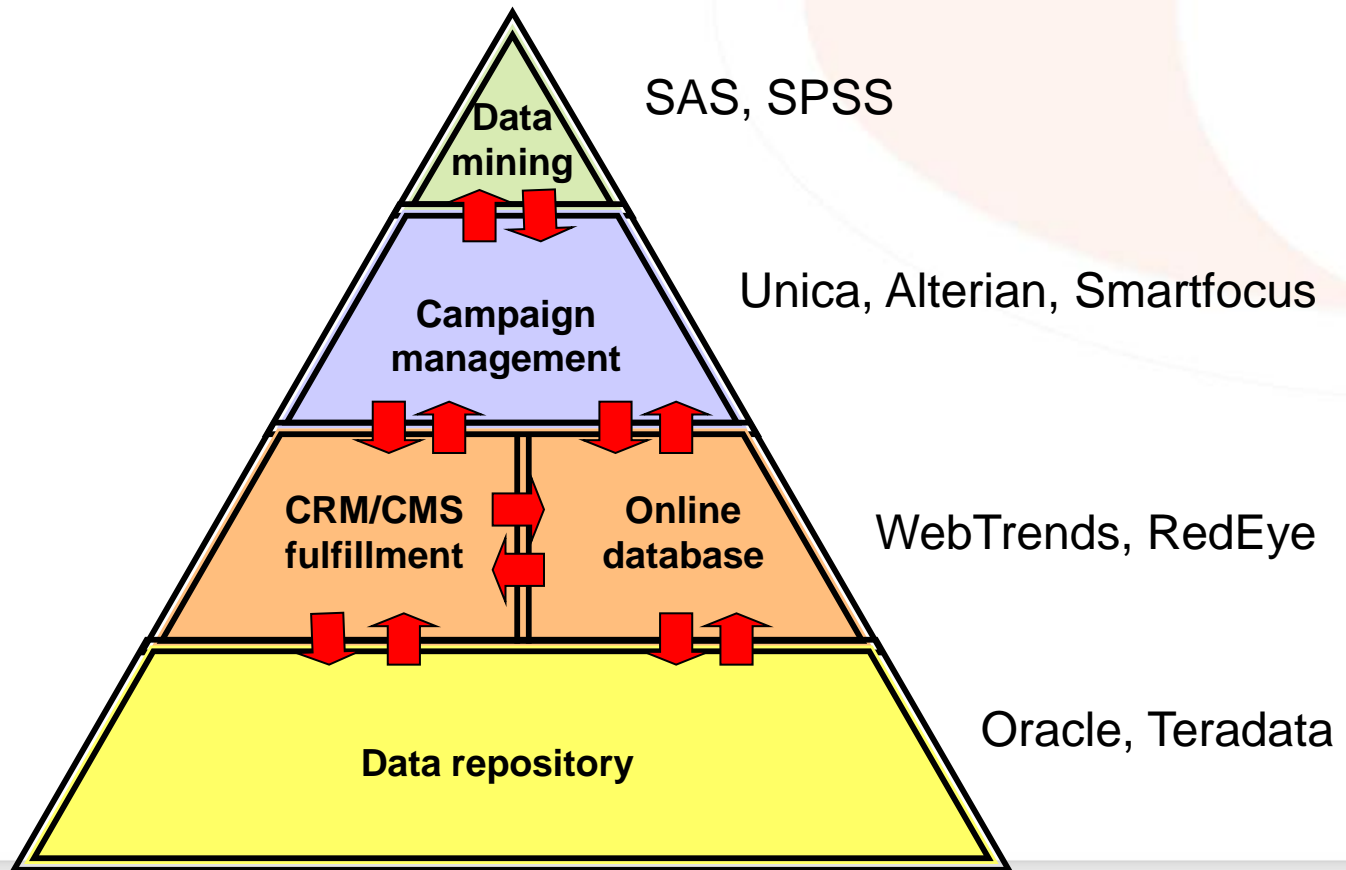
Marketers are flying blind

- Only 15% of companies rated themselves extremely good or effective at integrating disparate customer data sources. 55% noted that there is room for improvement or a deficiency in this area...
- “We have a situation where marketers are very outbound campaign driven,” said Donovan Neale-May, executive director of the CMO Council.
- More than 31% of marketers reported churn rates of more than 10%, but two-thirds had no system in place to re-activate dormant or lost customers
- Neale-May compared the process to a “leaking bucket.”

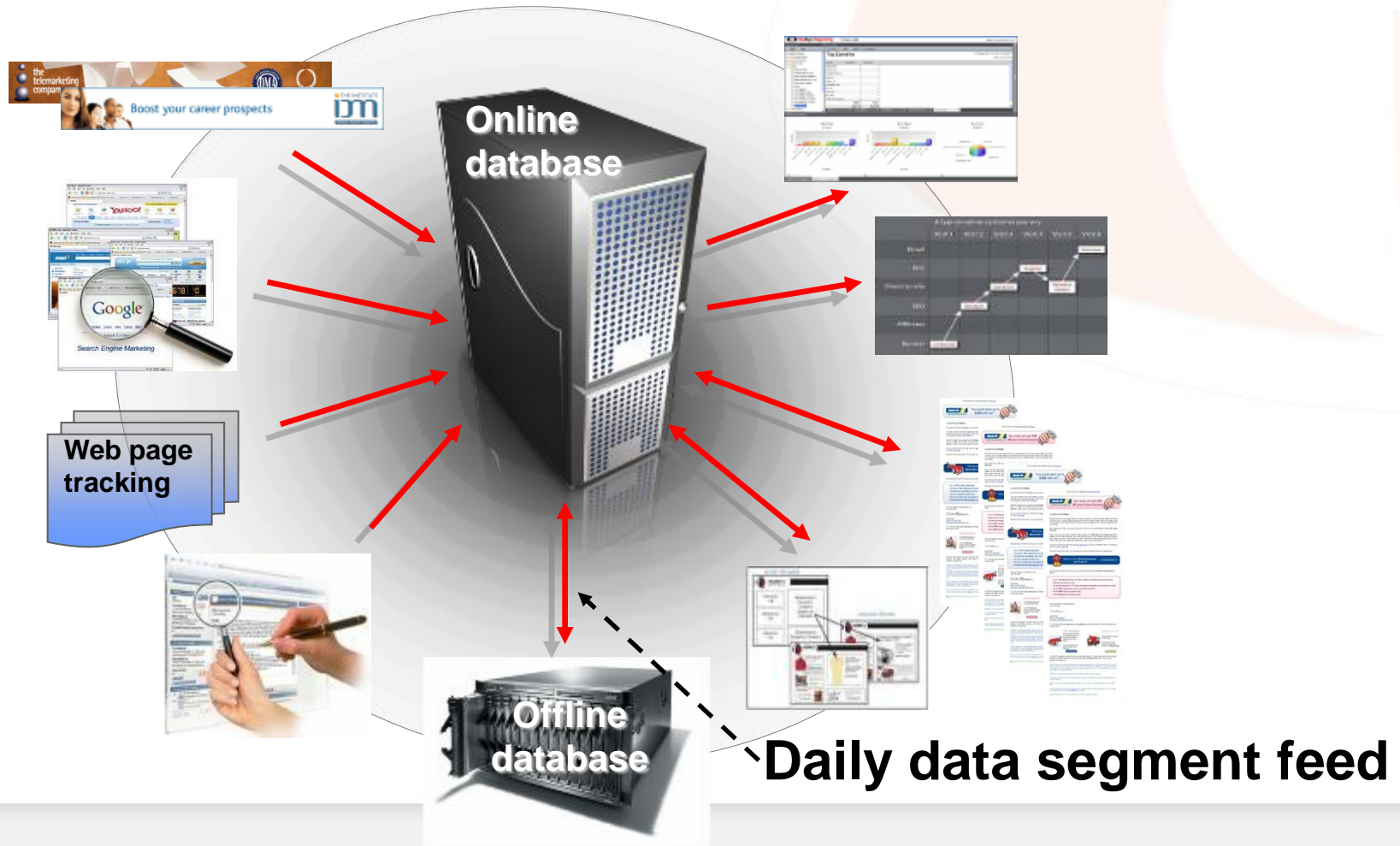
Source: Chief Marketing Officer Council audit of 450 marketers across the globe



How to integrate customer data sources



Offline and online approach today



Segmentation

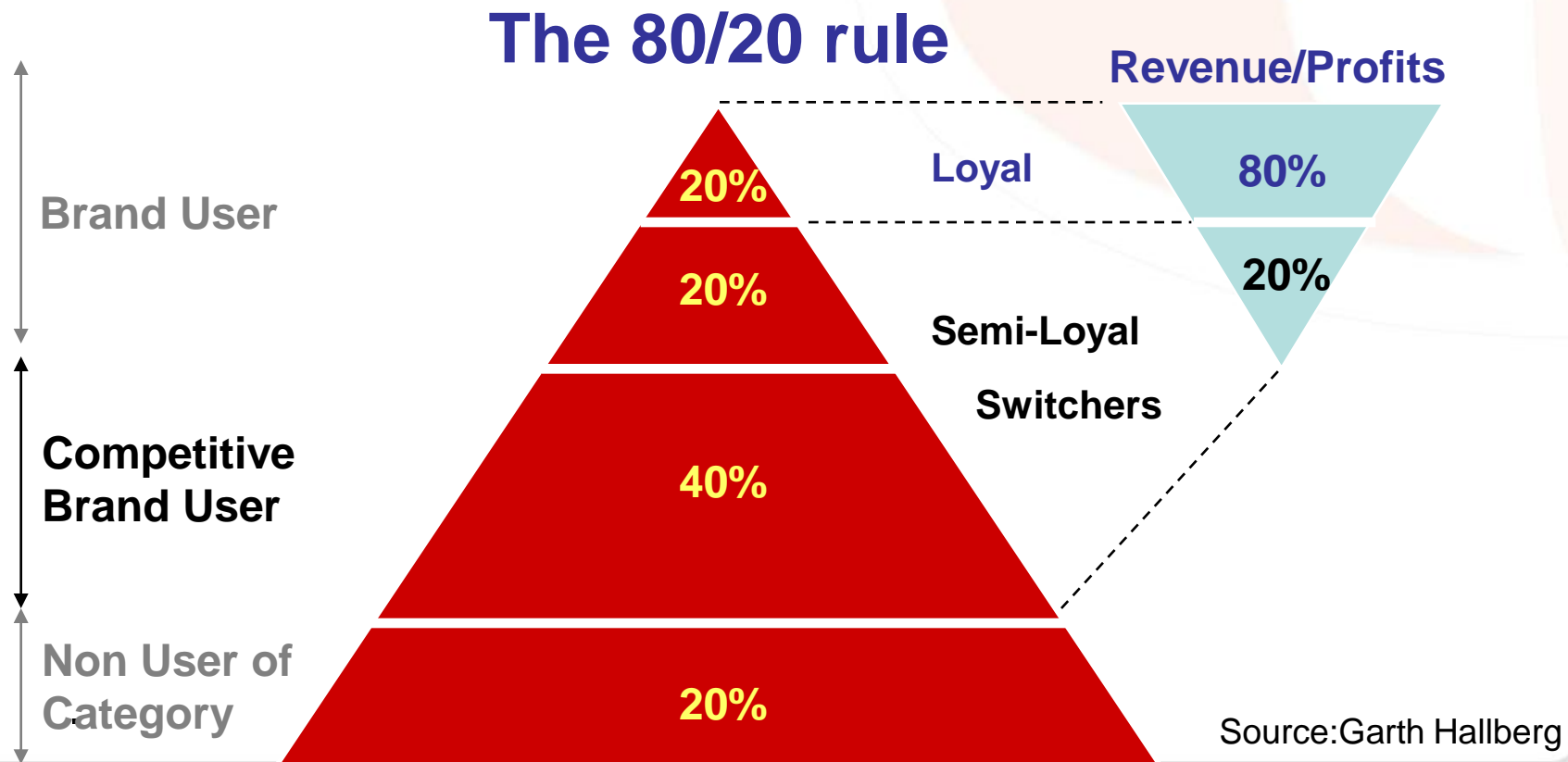
- Segmentation is a good way to align channels and make data feeds/integration manageable
- Measurement at segment level gives more control
- Segmentation is the process of partitioning markets into groups of potential customers with similar needs and/or characteristics who are likely to exhibit similar purchase behaviour



Ways to segment

- **Segment by value** based loyalty ladder or RFM - recency, frequency, monetary value. Using value as a segmentation metric is a good way of identifying a groups' likelihood to do anything (buy a product, click banners, follow links).
RFM is link between offline and online
- **Segment by behaviour** online based on pages seen previously/products purchased etc. is an extremely good way of identifying the "intention" of the customer. Past consumer behaviour is best predictor of future behaviour
- **Demographics** age, income mainly offline

Value segmentation

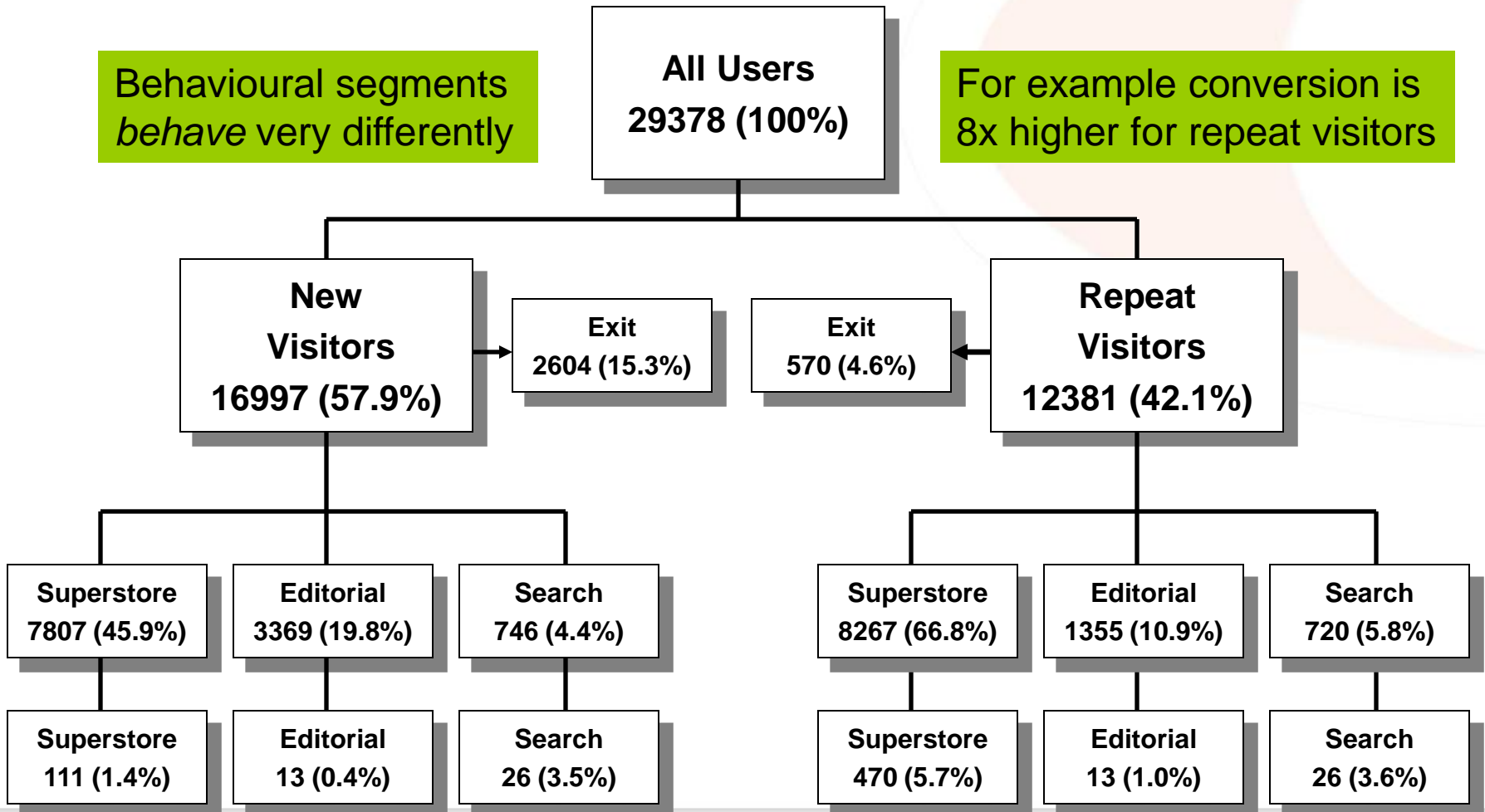


Behavioral segmentation

Behavioural segments
behave very differently

All Users
29378 (100%)

For example conversion is
8x higher for repeat visitors



Segmentation needs to be tuned to the industry and business

- **Financial services** - lifestage, income and share of wallet work well
- **FMCG** - share of requirements or share of stomach
- **Retail** - Geodemographics are used to compare actual sales with market potential
- **Catalogues & e-commerce** - recency, frequency and monetary spend (RFM)
- **Business to business** - SIC code and number of employees are commonly used
- **Telcos and utilities** - segment by potential value and likelihood to lapse to reduce churn

Conclusions

- Most channels are targeted based on available data silos
- Multi-channel marketing requires integrated marketing measurement
- For data integration use databases, data fusion and segmentation to align marketing activity
- Use market research and marketing databases to compliment each other
- RFM is link between offline and online
- It is early days for accurate multi-channel media attribution





Thank You

