Toon Diependaele

has been director of digital marketing with Sony Ericsson since 2002. Throughout his career, the web has always played a pivotal role. Between 1998 and 2001 he was marketing manager for Dell Computers in the Benelux countries, where he experienced the shift from print direct marketing towards web-based direct marketing and e-commerce principles. Since then, he has been focusing more and more on web-based registration and direct communication.

Keywords: registration, data gathering, e-mail marketing, lifetime value

Data collection: Central frameworks for localised customer lifetime value

Toon Diependaele

Received: 1 March 2005

Abstract

In essence, today's companies are no longer just selling a product or a service, they are trying to manage and maintain a relationship with their customers and prospects. The internet has brought this intention closer to reality, thanks to the unlimited possibilities connected with this new marketing medium. Due to the universal accessibility of the web and the economies of scale, a more global approach is being established. But this does not have to entail high-cost implementations that do not take into account the need for localised content and data collection.

This paper highlights the basics for companies seeking to build lifetime value with their customers through a centralised data-gathering programme that is translated into locally relevant communication.

Introduction

The explosion of touchpoints

Over the years, the number of touchpoints with consumers has exploded — not only has the frequency per medium increased, but the number of media has grown by 100-fold. Latest research indicates that the average consumer is confronted with more than 2,500 commercial messages a day.¹

The vast majority of these messages are unsolicited: billboard and print advertising, radio and television ads, etc; and some are more or less driven by the consumer's own decisions — point-of-sale materials, printed catalogues, website visits and so on. All these messages are characterised by two common factors: dependence on the user and user indifference.

In the case of billboard advertising, an unidentified passer-by decides whether or not he/she wants to pay attention to the message that passes within his range of vision — a message that he or she did not request or expect. By contrast, the less intrusive and more consciously user-driven messages delivered during website visits are driven by user action. A user decides whether or not he wants to visit a website. He then needs actively to type in a URL, and, once on the web pages, he decides what information he will look at and in what order. He is also the one who decides if and when to come back to your site.

The paradigm shift: From product- to customer-centric engagement

In addition to depending on the user for the effectiveness of the messages, it is also clear in the example above that the sender of the message has no control over who receives the message. Today's organisations are moving

Toon Diependaele
Sony Ericsson
202 Hammersmith Road
London W6 7DN, UK
Tel: +32 479 99 54 22
E-mail: toon.diependaele
@sonyericsson.com

The paradigm shift: the consumer in control

from product-centric to more customer-centric structures. The consumer is seen as an individual to whom we want to sell products or deliver services. More and more products and services are being developed with an audience and need in mind, and not (as in the past) strictly from a product technology point of view.²

Given this paradigm shift, marketing also needs to find its new place. Targeting down to the micro-level of single customer or prospect has raised a lot of questions concerning alignment with the new customer-centric business model and marketing effectiveness. User indifference leads to the development of broadly accepted messages that cover an overarching target message. In the combination of user dependence and user indifference lies the core of the truth: half of one's advertising (marketing) money is wasted, if only one knew which half.

'The more engaged your customers are, the more valuable they are. . . Engaged customers listen and interact with you. They care about what your company can offer them. They spend more time with you and give you a greater share of their attention. This translates into. . . a greater share of their wallet and increased long-term value.'³

Engaged communication

It is in each company's interest to ensure that it can move its audience from unknown prospect to engaged individual customer. In order to be able to deliver 'engaged communication', relevant (psychographic and transactional) data need to be obtained during the relationship with the customer. This enables critical performance parameters to be defined: customer behaviour, customer value and customer satisfaction. These parameters provide the necessary knowledge for developing successful acquisition, growth and retention strategies (Figure 1) with these three results:

- customer-centric communication
- measurable sales and marketing return
- real customer relationship management.

Next to this, however, there is also the messaging that is delivered to the engaged customer. To be able to have a certain level of engagement with your customers, the basis of your communication with them needs to be built on three pillars (Figure 2).⁴

Figure 1: Engaged communication

Figure 2: Communicating with customers
© LUON 2002

Add value to the consumer communication

- Added value. An engaged customer wants to receive relevant information. He is aware of the fact that he has provided information, and he expects this information to be used to make communication towards him relevant.
- Interactivity. An engaged customer wants a dialogue with the company he is interacting with. If he provides more information, he wants to feel valued by receiving a response — and updated messaging as well.
- Trust. The basis of each relationship is trust. An engaged customer wants to trust that the information source will adhere to the promises made. Here is where things like opt-in, opt-out, frequency and other communication parameters come into play.

In other words, the paradigm shift manifests itself from two areas: on the one hand, the information gathered; and on the other hand, the information provided to the registered users. Both go hand in hand and need to be aligned with each other. A comprehensive approach that keeps both tracks in balance is needed to ensure growth (Figure 3).

Building a data-capturing strategy to support the customer life cycle

Stage 1: Registration strategy

In the process of capturing data (Figure 4), it is crucial to make sure that the thresholds are as low as possible.⁵ Since registering is an exchange of value, you need to:

- make the procedure simple (being confronted by multi-screen scenarios can cause up to 33 per cent of the potential registrants to defect during the process)
- state your permission and opt-in policy clearly (and stick to it)
- make clear what is agreed to (eg 'a newsletter every two months')
- ask only what you *really* need (at each point in the relationship)

Figure 3: A model of interactive marketing

- give trade-off for added value (or else 73 per cent will be reluctant to give a phone number)
- follow up the promise (or suffer the ‘unsubscribe’ blues).

Step 1 in the data capture focuses *only* on the data fields that are absolutely required to have a meaningful communication. People are willing to give information as long as they see a return for this in their relationship — but first of all, the initial trust in the relationship needs to be established. Distinguishing between crucial data and ‘nice to have’ data during the registration process can greatly increase the success rate of registration.

Web visitor registrations

Every contact and every site visit is an opportunity to start up that relationship, but 80 per cent of all visitors will abandon a company’s site, never to return (and are probably attracted by a competitor). In order to maximise the number of registrations during web visits, it is crucial to focus on the spiral approach to data gathering.

Asking only the information that is needed to start up a conversation is enough to ensure you can attract as many registrants as possible. Combining this with a call to action, navigational elements on all pages

Each web visit is an opportunity

Figure 4: A data-capturing strategy

— and, if possible, incentives — will make your efforts even more effective.

In a multi-country approach, the technology of location and language detection is making it possible to pre-fill fields like language and country, thus limiting the user's input to his e-mail address. With the user providing only his e-mail address, a communication flow is started in which the focus is on gathering more information and streamlining the communication. A double opt-in process is not necessarily a dull process — it can be used to rebuild traffic after registration with targeted messages.

Ownership registrations

A user's out-of-the-box experience is crucial for creating post-purchase comfort and brand loyalty. It is good to know that some studies have shown that 67 per cent of product owners are waiting for relevant offers in order to optimise their product,⁶ but also that each new customer has the potential to grow his portfolio with items such as accessories or additional services. Creating a process to have new customers and returning customers register their offline purchases is essential to maintaining a targeted communication throughout the customer life cycle and creating direct customer contact without the need of channel partner intervention.

The use of in-box material (printed and digital) allows you to drive customers in an easy and interactive way. By using a location and language selector, a global approach with local implementation can be maintained. Depending on the location and language, a targeted message

**Make product
registration easy**

Ask only the necessary

can be delivered for each individual country. This functionality allows a company to create triggers for product registration that are suited to their audience. For instance, a user buying a certain product in the USA would require a different incentive for interaction than a user who buys the same product in Singapore.

Data collection follows the same principle as web registration: asking only the information necessary to start up the conversation. Through the copy and the flow of the registration pages, a first attempt at completing the standard set of required data can be made. Missing fields can be added later via the double opt-in communication flow or can be pre-filled based on assumptions and history. These assumptions can then be verified in the post-registration data-capturing process.

Stage 2: Post-registration data capturing

With the information gathered during the registration process, the first steps are taken to establish communication with the registrants.⁷ But basic data such as name, country, language, gender, age, customer product ownership/prospect and stated preferences do not create the full capability to segment targeted messages. For instance, we might believe that the stated preferences are indeed sincerely recorded by the user during the registration process — but analysis of the user's click behaviour could indicate a different explicit behaviour. A subscriber may state particular preferences, but may click on other types of content that are also of interest. In an ideal state, predictive algorithms combine preferences and behaviour to predict the best types of content for a particular subscriber, since both play separate, but crucial, roles in targeting.

But how can we gather data that would give us a good profile — covering attitudinal and more in-depth demographic, psychographic and behavioural data — without having to build huge data warehouses to reflect local preferences and differences?

Create a more in-depth picture of the customer

In order to avoid gathering data that are too scattered, a profile set needs to be established. This profile set can be seen as elements derived from certain behaviours that determine your target audience. In the case of mobile phones, for example, it is very useful to know what the 'usage' is (that is, what the phone is used for). Thus, the profile set for usage could contain items such as imaging, messaging, entertainment, connectivity, business and so forth. Then, for each of these usages, the user can be classified on a scale from 'never' to 'very frequently'.

To obtain these data, several configurations can feed into this profile to determine the classification of the user, such as:

- does the user have a camera phone?
- does the user have an online picture album?
- how many pictures does the user take with his phone?

Answers to these questions can be obtained through web behaviour, product ownership or continuous integrated surveys and polls. But does the answer 'I take at least one picture a week' mean the same thing in the

Local differences matter

UK as it does in Brazil? In order to avoid complex analysis, answers to the same question in different countries will have a different result in the profile set. The UK registrant will score low on the profile attribute 'imaging', but the Brazilian registrant will score high.

Using the technique of a pre-defined profile set allows profiles to be generated in a global framework with local relevance — but even more, it gives you the ability to trace profile evolutions over time. If the full profile set were part of the information provided during the registration process, its validity would disappear over time, generating assumptions on the user's behaviour and preferences.

The post-registration strategy allows you to capture — in an ongoing manner — consumer trends and patterns through *ad hoc* data gathering, without forcing the user to update his or her registration profile.

Stage 3: Analysis

Once profiles are populated with data, you can start analysing the complete set of data to move *from reactive targeting to predictive modelling*.⁸ The combination of the basic registration data, the post-registration data and the gathered transactional data provides you with a behavioural pattern of the registered users, backed up by the data you have captured.

Translating data into behaviour

Depending on the level of investment in analytical tools, these groupings of profiles can be narrow or broad. But you do not need state-of-the-art analytic tools to perform a functional analysis.

The secret is not in the software tools but in the methodology: by mapping customer activities in an ongoing and structured way — and doing this on a transactional, yearly and lifetime basis — a company is gathering invaluable knowledge. Combined with continuous analytical study of consumer trends and patterns, an efficient and effective model of learning-based investigation and analysis of customer online behaviour is created.

This approach gives one the necessary knowledge for behavioural targeting in the four phases of the consumer buying process: need recognition, information search, consumer product evaluation or comparison and finally purchase decision.

Different channels — different approaches

Building a customer-centric unique communication funnel

As already stated, the gathered information needs to translate itself into meaningful communication. The analysis flows into basically two main streams of information: push and pull communication. This is bending the conventional push and pull terminology, but it can be used in a broader sense when it comes down to communication towards registered users.

In the area of 'push' communication, e-mail marketing is used to communicate relevant messages to registered users through promotional e-mails and the 'moments of truth' in the life cycle of the user. In the area of 'pull' communication, the gathered data can be used to populate customised webpages within the information webpage, like the personal store on the Amazon site.

Creating impactful messages

Rebuilding traffic by pushing out messages

On the one hand, we have messages that are being steered by the sender, who determines when he wants to make the registered users aware of news items. Most of the time, these are single-focused e-mails intended to leverage relationship in order to convey more specific, actionable messages: drive sales, reduce cost to service and gain customer information. These messages build on the profiles generated through the profiling.

It is clear that the closer the offer matches the profile, the higher the impact and the more traffic generated. Given the fact that the profiles are built upon the locally adjusted post-purchase data gathering, it is possible to create single-targeted messages for a specific profile — the only requirement being that the copy must be translated (within changes to the actual core message).

A combination of fixed (event-driven) content items and variable content blocks which are based on the users' profile results in targeted but manageable campaigns. This respects the customers' wishes of delivering relevant information and keeps the sender's possibility open for up- or cross-selling potential. On the other hand, this approach also respects company requirements such as timing, frequency, cost of production and cost of management.

In parallel, a stream of lifetime value messages can be created to support 'milestones' in the customer relationship. Delivering messages to users in a time context that is unique for them creates a deeper relationship that is based upon the company's acknowledgment of the users' actions. This implies that you, as sender, encourage customers when things go right, and also respond when things go wrong. Being there during the 'moments of truth' ensures that the company is perceived as helping, not merely selling.

A real home page

Pulling out the relevant information on dedicated pages

The industry has been very much focused on making sure that the gathered data are used for personalised outbound messages — but the targeted customer has been left to complete numerous extra steps to get to relevant information. Only a very limited number of companies have dared to take on the challenge of providing customised products, services and/or information using personal information collected from visitors; Amazon is only one of them. Therefore, one can state that the web does not take enough care of its users, and so it suffers a lot of the previously described user indifference.

We have seen few successful implementations of full-fledged online personalisation, since the web has always been seen and projected as a fully automated black box that would deliver fully individualised websites, thus driving the only true customer value.

On the other hand, we need to be able to deliver added value to the registered user for the information exchange when he/she is visiting the website. In order to deliver on this requirement, the creation of a single webpage within the overall framework — containing overview and links

to most relevant content for the user's profile — can deliver a high return on investment.

This information will again be driven by the central data analytics and completely customised according to the local information profile.

Conclusion

Clearly, although the internet has huge potential for achieving real one-to-one marketing and offers unlimited opportunities to get close to your audiences, the ways to get there can be very cumbersome and costly. Implementing and using a global framework for customer data gathering allows you to distribute the costs over all countries involved, while preserving the local markets to obtain relevant targeted profiles.

It all starts with a comprehensive strategy for data gathering and analysis on a global level, and then breaking it down into achievable steps in the logical order of data gathering, data enrichment and data analysis.

References

1. Phillips, M. and Rasberry, S. (2003) *Marketing without Advertising: Inspire Customers to Rave about Your Business to Create Lasting Success*, 4th Edition, Nolo, Berkley, p. 1–9.
2. Peppers, D. and Rogers, M. (1993) *The One to One Future. Building Relationships One Customer at a Time*, Doubleday, New York, pp. 3–6.
3. Brondmo, H. P. (2000) *The Engaged Customer. The Rules of Internet Direct Marketing*, Harper Business Press, New York, pp. 6–11.
4. Van de Zande, S. (2001) *Return Driven Communication: The Principles*, Luon, Brussels.
5. Daniels, D. (2005) 'Optimizing registration pages', *ClickZ Experts*, 31 January.
6. Based on internal research conducted by Sony Ericsson on their website concerning registration in 2003.
7. Soper, S. (2004) 'The value of data', in *The Data Fuelled Business. A Collection of Thought Leadership White Papers that Show How Data-driven Marketing Can Power Your Business*, Frank Publishing, Kent, pp. 14–18.
8. Berube, J. (2002) 'Technology for optimizing customer relationships', white paper published on *CRM Today*, available at www.crm2day.com.