

Responding to Customer Behaviour in Real Time: From Campaign Management to Marketing Automation



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Abstract

The digital transformation is currently considered the biggest challenge for companies of all industries. Access to customers and marketing communications is rapidly changing. The expectation on companies to provide a top user experience to produce effective competitiveness is growing. Marketing Engineering – the ability to achieve quick results in a complex digital transformation – is expected to become a new challenge. Marketing is taking on a leading role in the digital transformation. Traditional campaign management has become worn out and is giving way to dynamic real-time communication. The Internet of Things opens up a number of new communication channels, contexts and data sources. Mobile marketing no longer only consists of mobile optimised measures but now also incorporates the context of use and location-based services. Traditional buyer-seller relationships between customer and company are becoming more complex and must be understood in a more differentiated way.

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Relevant Information, Client Data

JEL Classification: L81, L86, M31, Q55

An essential driver of the digital transformation is disruption within the competition. Increasingly, new market players are pushing into an ever more saturated markets. This is due, in part, to

globalisation where international companies – often without a physical presence – are pushing into local markets. On the other hand, technological progress, especially digitalisation, has significantly lowered market entry barriers, enabled new business models and enhanced value chains. Large e-commerce companies compete online against numerous small and medium scale, highly specialised companies and even private individuals, who use auction and trade platforms for their sales. Disruptive digital platforms such as Uber or AirBnB are questioning entire business models. Branded companies focus on direct sales and their own customer retention tools and therefore skip parts of the traditional value chain. In this increasingly complex, dynamic world, the competition is becoming stiffer. Companies find it more difficult to differentiate themselves. Enabling customer-centred access to markets is becoming essential, given that digitalisation creates a transparent market. Customers can research and compare offers more quickly. Furthermore, there are new decision-making options between different (international) providers. The barriers to change are low. The customer can reach a new provider with a suitable offer or with an attractive look & feel with a single click.

Best-in-class is becoming the Benchmark

Market transparency has another consequence. Customers know the best-in-class approaches of different providers. This means demands on all other companies are also increasing. Customers do not expect anything less than a best-in-class experience in service and communication, at all times and everywhere. At the same time, marketing departments are facing the task of optimising their measures from an economic point of view, especially in lowering costs and justifying investments. Marketing must be able to prove its viability clearly.

Of all factors driving this change, the customer is the most essential. Current studies illustrate that most companies have generally understood that the customer and his individual customer experience need to be at the core of marketing. Nevertheless, 80% of customers today do not feel as if they were personally regarded as individuals in marketing. This shows that there is still a gap between demand and reality, in the practical implementation of customer-centred marketing and service experiences.

The continuous changes in the market, particularly relating to customer expectations are putting companies under pressure to achieve a quick time-to-market with their measures to improve the customer experience. Marketing has a pioneering role here, as it is easier to achieve positive results quickly through marketing than through the adaptation of service processes. Marketing, particularly digital marketing, is becoming the essential driver and pioneer in the digital transformation. In digital marketing, essential factors of the expected user experience such as speed, individuality and accuracy of fit, as well as personal value, can be realised more easily and more quickly. The desired customer-centred marketing and service experience at the forefront is

pushing forward the background abilities needed for this, such as data availability, process automation and analytical intelligence.

The digital transformation is led by a radical customer focus in marketing. Customer demand for a best-in-class experience and personal appreciation can only be achieved in marketing in the context of an increasingly fierce competition. Marketing is becoming the driving force to push forward the factors necessary for customer-focused user experiences, such as data availability, process automation and analytical intelligence. The high time-to-market pressures in this transformation will be accelerated by a market, where market entry barriers are lowered through digitalisation, new business models become possible and changes in value chains. The transformation will also be accelerated by the growing pressure on companies for profitability; by increasing demands of customers who are used to be mobile, always on, linked, social, prepared to switch and increasingly used to best-in-class user experiences in digital direct marketing, a paradigm shift has taken place from campaign-centred communication to customer-centred interaction.

The speed with which customers interact in this communication is also increasing rapidly. When dealing with mobile, „always on“ customers, truly customer-centred communication means responding to customer behaviour in real time and including previously unknown data derived from the context of use (e.g. where is the customer now? what is at that location? what is the weather like?) and to adjust the communication dynamically according to the information gained.

Relevant, customer-centred communication does not only mean individualising communication according to the requirements, interests, consumer behaviour etc. of the individual customer. Relevance now has to take into account speed, context sensitivity and live up-to-dateness.

From Marketing to Marketing Automation

The key to context-sensitive, truly up-to-date communication lies in the correct use of realtime marketing automation. „Classic“ marketing automation mostly means that customers are selected based on existing data and then automatically approached with a relatively static dialogue course. Customer responses to a campaign are registered, analysed and taken into account with a time delay, which means the information is only relevant for the next campaign. Real-time marketing automation on the other hand controls the dialogue in a flexible way. The technology responds to events (triggers) in real time with relevant communication and dynamically adapts this to the context and the current data available. Important parts of the data that are necessary for this are not known in advance and are only captured at the moment when a trigger occurs, either through an interaction with the customer or through unforeseeable amendments of other data, such as change of price or weather data. Based on this new data, the communication measure is created, amended and output in real time.

Taking into account the context of use

Context sensitivity means that the context in which the customer receives or uses the information is taken into account. Contexts may be the following:

- **the location:** if the customer is on a shopping spree through the high-street, you could e.g. approach him via app notification with special offers from nearby shops including directions and discount vouchers.
- **the weather:** when it's sunny, the customer will receive offers for sun glasses. When it's raining, the latest blu-ray hits for cosy movie night in will be suggested to him.
- **the time of day:** when the customer opens e.g., a newsletter during the day, special offers from the nearest branch will be displayed.
- **the terminal/device used**
- **interaction in the customer lifecycle:** if the customer signals a certain demand through his interaction, it is important to respond in real time and with the correct communication. If a customer opens e.g., a newsletter while at the same time browsing through a specific product category in the online shop, the newsletter could automatically display dynamic offers from this category.

In order to make context-sensitive communication relevant for the customer, it must be up to date. Content which adapts to obsolete weather data or messages which supposedly refer to a shop location the customer has long since passed by, are of little effect or are even annoying for the customer. Up-to-dateness is generally highly relevant when the communication includes data which can suddenly change and where even small changes can have significant impacts on the derived communication message. For example: if the geo-fencing function detects that a customer is currently located near the shop (PoS), he is a loyalty card owner and has a 10 Euro voucher, then the probability is high that relevant and immediate communication can persuade him to make a spontaneous purchase. Half an hour later and the opportunity is gone. If, in addition, the insufficient availability and/or up-to-dateness of the loyalty card data doesn't allow for the establishment of whether a specific voucher has already been redeemed yesterday, this important purchase incentive cannot be used for spontaneous communication. The speed and availability in data processes is therefore becoming a key criterium in the exploitation of modern, customer-centered communication.

In addition to the ability of capturing data in real time after sparking the trigger and to being able to analyze this data and output the correct communication measures based on the results of the analysis, realtime marketing automation must also be able to dynamically adjust content. The following example will illustrate this: the newsletter is not sent with fixed content but blank. Instead of content, the email contains dynamic placeholders which are only filled with content when the email is opened. When the user opens the email, the required data (e.g. current weather

forecast) will be accessed within milliseconds and contents matching the data will be displayed in the placeholders. Such ultra-responsive formats enable real-time capability even in campaigns which are not sent in real time.

Conclusion

Relevance in marketing and service communication does no longer only mean individualisation of the communication based on existing customer data, such as purchase history. Relevance in communication is increasingly gained through up-to-dateness and speed based on the consideration of the customer's context of use, such as e.g., his location, the weather or terminal device which is used. The capacity for real-time marketing is becoming vital for success. Companies must be able to deal with previously unknown data in real time, to analyze it and based on the analysis results output the correct communication measures or dynamically adapt communicated content without any time delay.

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