

POPULAR TECHNOLOGIES ENRICH CUSTOMER EXPERIENCE STRATEGIES

CREATIVE STRATEGIES YIELD GREATER CUSTOMER INSIGHT

Before companies can map the customer journey, they have to take their own trips along the sometimes bumpy road to creating a truly rewarding omnichannel customer experience. BY LAUREN HORWITZ





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T WAS 2011, and Marathon Sports had hit a wall with its customer loyalty program.

The sports retailer, based in Ecuador, charged a fee for its loyalty-card program. But following a regulatory change that prohibited collecting customer fees on loyalty cards, Marathon considered scrapping the customer loyalty program altogether.

“It was a good deal, but not a customer-centric strategy,” said Jaime Morillo, chief customer officer at Marathon Sports. “We didn’t track our customers, and we weren’t trying to analyze the data to learn more about them.”

The company needed to see the value of engaging with customers through a loyalty program beyond just earning a fee. In the consumer-driven age of the customer, a loyalty program isn’t just another medium in which to sell products. It’s also a tactic to gain customer insight through gathered data and improve the customer experience.

Marathon Sports’ journey with its loyalty card exemplifies a common company struggle as customer service channels proliferate—whether customers use phones, email, mobile devices, social media, live chat applications, customer communities or wearables. While companies want to use customer data to glean greater insight, they can lose sight of more important goals: promoting a positive customer experience and forging meaningful customer relationships.

Using new channels—like the loyalty card—and the data they generate to better serve customers is a tall order. As the mediums for customer service proliferate, managing customer data effectively and safely has become more challenging. In many cases, fragmented data and backward technology prevent companies from seeing customers from all angles—also known as the 360-degree customer view. In other cases, it’s possible to get a full picture of customer behavior, but it can foster intrusive marketing that alienates



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rather than attracts customers.

“Companies start down the path, but many aren’t able to deliver,” said Mike Rowland, a customer experience analyst and consultant at West Monroe Partners. “It’s very, very hard because you start focusing on identity management of the customer [in these various channels], and customer experience gets lost in that.”

According to a 2015 Gartner study, the No. 1 priority for the nearly 300 respondents was creating a unified multi-channel experience and “acting as one unified organization.” At the same time, most companies haven’t built the

Most companies haven’t built the infrastructure to gather consumer behavior from multiple channels and create a 360-degree view of customers.

infrastructure to gather customer behavior from multiple channels and create a 360-degree view. According to an Econsultancy.com survey of more than 2,000 marketers and e-commerce executives, only 17% map the customer journey, and 83% are unclear about their customers’ paths and intentions.

Moreover, companies can’t always deliver a positive customer experience in multiple-channel environments. Departmental silos (36%) and lack of integrated information

systems (27%) were cited as the top obstacles in creating a more unified customer experience, according to *The Economist’s* “Creating a seamless customer experience,” a survey of about 500 executives and 2,400 consumers.

WHAT’S IN A CHANNEL?

For Marathon Sports, understanding the value of customer data ultimately required a change in mind-set, followed by changes in technology infrastructure. While the company might lose some revenue from lost fees, it could gain something more valuable: data about customer purchases, preferences and demographics.

So Marathon decided it was time to make some technology upgrades and use its loyalty program to better promote customer relationships. It turned to SugarCRM, an open source customer relationship management (CRM) application, and Act-On software for marketing automation. The company also created a loyalty program module in its point-of-sale (POS) application in stores. By the end of 2016, it will migrate to Retail Pro software as its POS and loyalty program. It also uses SAP HANA for business intelligence and customer segmentation. This laundry list of applications enables Marathon to house customer account information in SugarCRM, communicate with customers via Act-On and use HANA to market more intelligently to them through Act-On.



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With this set of tools, Morillo explained, his team can segment customers based on whether they are soccer fans or gym enthusiasts, when they made their latest purchase at the store, and then tailor messaging or discounts based on those preferences and activities. “The effect ... is much better, more personalized relationships,” Morillo said. “We were just segmenting based on customers’ buying a certain product. With lists that are dynamic and based on customers’ behavior online, we can be more precise in personalization.”

But this patchwork of software tools also presents integration challenges. Marathon will move to Retail Pro, a POS system, because its current system integrates poorly with Act-On. Even though the company opted for open source SugarCRM because it integrates relatively seamlessly with Act-On, some tasks require manual effort. Sending customer discounts and messaging isn’t easy to do intelligently with POS customer data.

If Morillo wants to create audience segmentation based on specific customer attributes that aren’t captured in static database fields, for example, he has to build custom lists. If he wants to sort customers based on those who like outdoor hiking and gym training, he needs to build a list from SugarCRM, then bring it into Act-On for further modification. This task is overwhelming when managing high-volume campaigns. “There’s no one software [product] that does it all,” Morillo noted.

BLENDING ONLINE AND OFFLINE EXPERIENCES

California Pizza Kitchen (CPK) knows how difficult it is to engage customers and bring them back. The Los Angeles-based casual-dining chain, which has more than 200 locations throughout the U.S., wanted to foster loyalty among tech-savvy consumers and discriminating foodies. These customers prefer to use technologies like social media and mobile devices to secure discounts. CPK came to recognize that its traditional TV and radio advertising wouldn’t cut it with a customer base that is 80% mobile. These customers also like fresh ingredients and new menu items. So CPK modernized its digital strategy and made over its image.

“We have to change when the guest is changing,” said Ashley Ceraolo, senior vice president of marketing at CPK. “We’re trying to be where the guest is.”

The company’s Pizza Dough Rewards customer loyalty program is designed to entice regular customers to come in more and bring back lapsed diners. CPK also wanted to enhance guest experiences with tools like its loyalty program mobile app and social media. “We knew that [mobile] was going to be our primary way to communicate with guests,” Ceraolo said. “So that’s our primary focus. Here’s where our guest is, and we want to ... get their attention.”

Roughly 70% of its 1.7 million loyalty members use the mobile app from Paytronix Systems Inc. CPK redesigned its website with responsive design so customers can better

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Consumers Still Eye Smart Home Technologies Warily

CONSUMERS MAY be looking to smart homes for an enhanced living experience, especially amid all the excitement generated by vendors, but the technology has yet to win customers over.

Smart homes, also known as connected homes, can save time and money for those who invest in them. They allow consumers to lock or unlock front doors remotely, pre-heat an oven during the commute home, turn down a thermostat during the day or receive alerts about a potential break-in on their cell phone.

Vendor exuberance far outpaces consumer engagement with smart home technologies, said Kevin M. Taylor, executive vice president and head of technology, North America, at research firm GfK in an Internet of Things World conference session in May. According to a GfK survey con-

ducted in seven countries, only half of the 7,000 respondents said that smart home technologies are credible, and just one-third believe it's necessary for them.

"While the reality is that the consumer is excited, there is another story here," Taylor said. He pointed to recorded comments by survey respondents, including one U.K. consumer's attitude toward a connected refrigerator designed to provide all sorts of information, such as when to replenish food items and food expiration dates. "I can't see the point of it," said the respondent. "I open my fridge often enough and empty it regularly. I haven't seen anything on the market to compare it to, but it sounds like an unnecessary gadget."

Cost and complexity of installation and maintenance are also hindrances to smart home adoption. According

to the Support.com report "The Smart Home Customer Experience: Repairing the Broken Promise," nearly one-third of smart home owners struggle with the complexity of configuration and technical support of smart home devices and systems, and about two-thirds of potential consumers say the cost to buy, set up and maintain a smart home system is the No. 1 barrier to buying one.

Connected products, Taylor said, haven't reached a point where they make an impact on consumer lifestyle. A smart fridge, for example, won't have impact, he said, until it can gauge that a consumer has lapsed in healthy eating habits over the past, say, 30 days and can suggest ingredients and recipes that help him achieve his goal to lose weight. "That's where it can really take off and have real-world impact," Taylor noted.



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navigate the loyalty program with options similar to those available on the mobile app.

Companies also need to address customer experiences that are traditionally fragmented. That can include blending digital with physical shopping experiences. According to a 2015 Deloitte research report, digital technologies—including computers, tablets, smartphones and wearables—influenced 49% of in-store retail sales.

With new technologies such as beacons and wearables, companies can detect a signal from consumers' mobile devices and gather customer data as patrons traverse retail-store aisles or sports venues. Businesses can use data about a customer's location in conjunction with other information to send push notifications about a discount, an abandoned online shopping cart or a possible stadium seating upgrade. Other companies are using location tracking as a way to engage customers socially.

CPK launched a social scavenger hunt known as the Traveling Pizza Dough contest, which rolled out in various cities across the country. In the morning, the company would announce on Twitter in which city the hunt would take place. It provided clues throughout the day as to where customers could find a pizza box that would grant them free pizza for a year. "People were chasing us all over the city," said CPK's Ceraolo.

When the contest came to Huntington Beach, Calif., the

final clue indicated that the pizza box was in the vicinity of the beach. "I was sitting on the pier with the pizza dough box," Ceraolo said. "I had this man literally running at me. It was an engaging tactic with our guests, but the fact that it required Pizza Dough member registrations also helped increase registrations."

In conjunction with its Take Your Shot—Go for 3! marketing campaign during this year's NCAA March Madness basketball tournament, CPK invited lapsed diners to try fan favorites at a discount. Pizza Dough Rewards registrations increased loyalty program membership by 15,000 customers.

CPK also bridges the physical-digital divide in other ways. It created a marketing campaign in which diners could sample wines from California vineyards—including the state's oldest winery—and learn about their histories. As a result, wine sales increased 155%. "That's the way in moving forward and interacting with our guests," Ceraolo said. Future plans, she said, also include integrating the CPK loyalty program with other capabilities such as a mobile-wallet program.

THE CREEPY FACTOR

Tools like loyalty programs, beacons and others that generate push marketing messages can deepen customer relationships, but they can also backfire. "You can cross the line



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to sound like a stalker if you get too extreme about it,” said Bill Kinneman, senior director of marketing analysis and customer insights at Gilt Groupe.

Experts say the stalker problem arises because companies hoard customer data without evaluating why they’re storing it and what business purpose it serves. “There’s a

Intrusive or tone-deaf marketing can do more damage than good. But companies haven’t matured enough to aggregate, analyze and act on data in real time yet, analysts say.

war going on between intrusive marketing and clever marketing that improves customer experience,” said Martin Brown, general manager at FM Outsource, a U.K.-based CRM and marketing services company. “Consumers are increasingly frustrated that businesses will store whatever data they can, and it’s a dangerous place.”

Brown and others say that marketing departments need to consider how certain data points can really improve campaigns and offer customers useful information. If not, they shouldn’t store the data or use it.

Consider the big-box store that used data from one teenager’s recent purchases, including a pregnancy test kit, and sent targeted coupons to her home where she lived with her

parents. Or think about a retailer using a personalization engine to suggest baby clothes purchases when a customer recently bought a crib as a gift.

Intrusive or tone-deaf marketing can do more damage than good. But companies haven’t reached a state of maturity in aggregating, analyzing and acting on data in real time yet, analysts say. Businesses are still struggling to personalize messages without clear insight into the effect on customers.

According to Forrester Research’s “Contextual Marketing Imperative” survey of 1,200 consumers and 200 advertising and marketing employees, 66% of marketers reported that they’re doing a good job of personalized marketing, while only 31% of consumers believe that companies are “consistently delivering personalized cross-channel experiences.” And 40% of consumers surveyed said they unsubscribe when the amount of messages becomes overwhelming. Creating relevant and personal messages takes technology, good judgment and constant re-evaluation of where consumers reside in the customer journey. “I don’t think we have developed a way to take data and make that pinpoint offer that isn’t tone-deaf,” said West Monroe’s Rowland.

Some companies are trying to address this issue head-on with engagement tactics that use gamification and other methods to draw in customers rather than bombarding them with relentless email messages or app alerts.



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According to a report by app software maker Localytics and Research Now, between two and five push notifications in one week would prompt a 46% opt-out rate among users, and between six and 10 notifications in a week would prompt 32% to “stop using the app altogether,” as Localytics analyst Caitlin O’Connor noted. And 52% of app users say push messages are an “annoying distraction.” With gamification tactics like CPK’s Pizza Dough scavenger hunts, the goal is to get customers involved through a healthy dose of competition and entertainment that yields rewards.

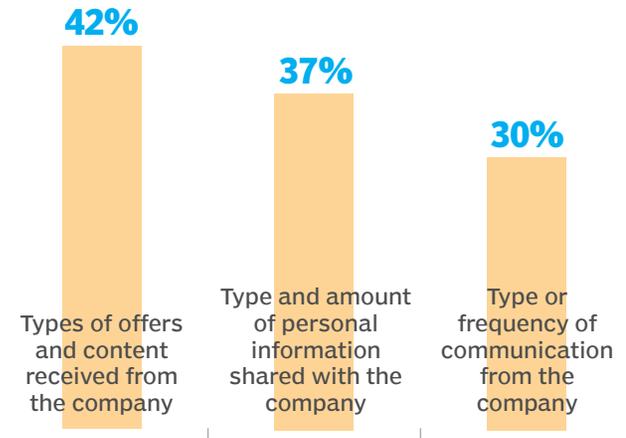
REAL-TIME INFORMATION

For some companies, the key to successful customer experience is fast, “frictionless” service. At LendingPoint LLC, that kind of service takes a series of tools ranging from the company’s CRM to marketing automation software to search engine optimization and big data tools like Hadoop. The Atlanta-based lender focuses on the “near-prime market”—consumers with a blemish on their credit, but who LendingPoint identifies as “responsible payers.”

The loan agency wanted to make it easy for customers to apply for loans through multiple communication channels. It recognized that its customer base may access and need service from various entry points, including the company’s website, phones and physical locations.

Consumers in Charge

Customers want a certain amount of control over information they give to and receive from companies. Some of the areas where they expect to have influence include the following:



SOURCE: FORRESTER CONSULTING'S "THE CONTEXTUAL MARKETING IMPERATIVE," PUBLISHED IN OCTOBER 2015 AND COMMISSIONED BY SAP HYBRIS; BASED ON A SURVEY OF 1,200 CONSUMERS

“We knew we needed a system that would be flexible no matter the point [of] entry,” said LendingPoint CTO Franck Fatras. “What if someone calls into [the] call center, or goes online and fills out an application, or what if they drop off the application, then call in? We make the customer

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experience as smooth, as frictionless as possible.”

Reducing that friction meant turning to Salesforce’s Sales Cloud to serve customers regardless of how they enter the system. One channel, for example, is LendingPoint’s ecosystem of lending partners and affiliates. If LendingTree, a company that connects lenders with consumers with credit issues, passes on a prospect to LendingPoint, the data exchange should be relatively seamless.

“We have created an API that integrates with Salesforce,” Fatras said, “and we’re able to take information from partner sites and bring it directly into Salesforce.” So if a consumer fills out an application on the LendingTree site, the data can be passed on to LendingPoint without the customer having to re-enter all the data from his original form. A process is initiated to send documents to the prospect and upload them to Salesforce. “It all happens within seconds,” Fatras noted.

Making the application process seamless is also critical to promoting a good customer experience. “If they have gone through three pages of data entry [and] the browser freezes, those are the things we’re trying to look out for,” Fatras said. “We’re trying to remove friction as much as possible.”

The company uses Hortonworks’ Hadoop to identify customers that are good bets for a loan. It has developed proprietary algorithms to determine whether a particular customer, based on his credit score and other data points, is

a reasonable loan risk. “We chose [Hortonworks] from the standpoint of speed and [the ability] to process such volumes of data to create these algorithms,” Fatras explained.

Along with generating loans on its website, LendingPoint is capitalizing on new channels to secure customers. It has partnered with David’s Bridal to provide loans for wedding dresses. Capturing new loan candidates can occur at the bridal chain’s POS, whereupon the store’s newly rung up customers can move seamlessly to the LendingPoint site and apply for a loan. LendingPoint also works with Smith Home Improvements LLC, based in Bridgeville, Pa., which has created a home-repair mobile app to connect customers with contractors. Smith integrated its app with LendingPoint so customers can apply for a loan as they sign on to a home improvement project.

FASTEN YOUR SEATBELTS

New channels such as POS applications and mobile apps have given companies like LendingPoint access to new customers as well as opportunities to enhance the customer experience. The challenge, of course, is to make sure the experience is as seamless as possible. But analysts say these opportunities can be derailed, especially if certain milestones in the process require customers to make too many clicks, enter additional information and so on.

Technology aims to stitch together customers’

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fragmented experiences. That requires unifying customer data in various channels so they don't have to re-type information or wait for new channels to receive that information.

Bringing together these data “breadcrumbs”—as described by Forrester Research principal analyst Michele Goetz—is essential to a seamless, real-time and smooth customer experience. But a true omnichannel customer experience is still on the horizon.

“You don't want technology getting in the way; you want it to be enhancing,” said West Monroe's Rowland. “But not many companies are able to do it. For the customer, particularly as these new form factors emerge, the omnichannel experience is still very bumpy.” ■

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