Engage Consumers &
Increase Buyer Readiness Through
Customer-Centric Marketing
OVERVIEW

At the end of 2012, MyBuys and the e-tailing group partnered to conduct primary research focused on consumer reaction and perception to customer-centric marketing approaches. The study “How Multi-Channel Personalization Impacts Shopper Attitudes and Buying Behavior” focused on learning more about:

- Why consumers purchase and don’t purchase
- What consumers do next when they don’t purchase
- Consumer awareness and opinion of online personalization of their shopping experience
- Whether customer-centric marketing drives more sales
- Consumer willingness to share data to improve their shopping experience
- Year-over-year trending of personalization data

Methodology and Sample Summary:

- The study was conducted in December, 2012
- 1,108 consumers completed an online questionnaire
- 48% female/52% male
- Shopped online at least 4 times per year
- Spent $250 or more online annually
- 95% owned a smartphone

DEMOGRAPHICS

Source: the e-tailing group
Retailers are facing more competition to obtain the attention of consumers today. Consumers are now stating they want and expect to have ongoing, multi-channel and personalized experiences. The days of email blasts with one-size fits all promotions, websites with the same offers for all audiences and generic, mass online advertising are rapidly coming to a close.

Retailers can respond by embracing a more holistic approach with customer-centric marketing that delivers higher revenue and customer lifetime value. This affords greater opportunities to recapture a consumer’s attention by having ongoing, direct conversations with them as they move toward the ready state of making initial and repeat purchases.

For customer-centric marketing to be effective, retailers need to find and engage consumers wherever they are through cross-channel personalization, and be thoughtful about the consumer buying cycle over time. Customer-centric marketing is already proving to deepen engagement with consumers, accelerate buying readiness and increase both sales and lifetime value.
CONSUMERS ACKNOWLEDGE AND APPRECIATE CUSTOMER-CENTRIC MARKETING

Consumers have become increasingly aware of personalization in their online shopping experience. Its impact is growing quickly and these customer-centric marketing practices are leading to increased purchases.

Retailers that remember the shopping behavior of individual consumers and use it to personalize future experiences are being rewarded – consumers are more engaged and purchasing more.

MyBuys serves hundreds of retailers that have implemented customer-centric marketing approaches. Analysis of detailed transaction data from January 2010 to December 2012 shows that utilizing customer-centric marketing practices during this period resulted in:

- Increases in conversion rates of 50% (page 6)
- Increases in purchase frequency of 300% (page 7)
- Increases in total consumer spending through engaged channels of 500% (page 8)

CONSUMERS ARE INCREASINGLY AWARE OF PERSONALIZATION OF THE ONLINE SHOPPING EXPERIENCE

CONSUMERS VALUE RETAILERS WHO PERSONALIZE THEIR SHOPPING EXPERIENCE BECAUSE THEY REMEMBER & KNOW WHAT THEY LIKE

THE INFLUENCE OF PERSONALIZATION ON THE SHOPPING EXPERIENCE IS INFLUENCING SALES

Source: the e-tailing group
CONSUMERS ACKNOWLEDGE AND APPRECIATE CUSTOMER-CENTRIC MARKETING

CONSUMER LEVEL OF AGREEMENT WITH THE FOLLOWING:
TOP 2 BOX: STRONGLY/SOMewhat AGREE

THE RETAILERS WHERE I SHOP OFFER PROMOTIONS AND MERCHANDISING TAILORED TO MY PAST PURCHASING AND BROWSING BEHAVIOR

I RECEIVE PERSONALIZED EMAILS FROM RETAILERS BASED ON MY PAST BROWSING OR BUYING BEHAVIOR

I VALUE RETAILERS OR BRANDS MORE BECAUSE THEY REMEMBER MY BUYING AND BROWSING BEHAVIOR FROM ALL THE CHANNELS WHERE I SHOP

I PURCHASE MORE FROM RETAILERS WHO SEND ME PERSONALIZED EMAILS BASED ON MY PAST BROWSING AND BUYING BEHAVIOR

I PURCHASE MORE FROM WEBSITES THAT SUGGEST PRODUCTS BASED ON PAST BROWSING OR BUYING BEHAVIOR

Source: the e-tailing group
CUSTOMER-CENTRIC MARKETING DRIVES CONVERSIONS

CONVERSION RATE

100

150

NOT ENGAGED

ENGAGED

50% MORE SHOPPERS ENGAGED VIA CUSTOMER-CENTRIC MARKETING CONVERT THAN DO SHOPPERS WHO ARE NOT ENGAGED

Source: MyBuys, January 2010 to December 2012. Indexed.
CUSTOMER-CENTRIC MARKETING DRIVES PURCHASE FREQUENCY

AVERAGE PURCHASE FREQUENCY

CONSUMERS PURCHASE 300% MORE OFTEN WITH RETAILERS USING CUSTOMER-CENTRIC MARKETING PRACTICES

REPEAT Rate

REPEAT WITHIN: 1 WEEK 1 MONTH 3 MONTHS 6 MONTHS 1 YEAR 2 YEARS

ENGAGED NOT ENGAGED

Source: MyBuys, January 2010 to December 2012.
MORE ENGAGED CHANNELS RESULT IN HIGHER LIFETIME VALUE

INCREASING ENGAGEMENT THROUGH PERSONALIZATION IN MORE CHANNELS CAN INCREASE OVERALL CONSUMER SPENDING UP TO 500%

1 ENGAGED CHANNEL: 100
2 ENGAGED CHANNELS: 240
3 ENGAGED CHANNELS: 500

AVERAGE CONSUMER SPEND

Source: MyBuys, January 2010 to December 2012. Indexed.
CONSUMERS FIND VALUE IN PERSONALIZATION AND HAVE COME TO EXPECT IT

Not only are consumers aware of online personalization, they are now telling us that they both value and expect it. The value consumers derive from customer-centric marketing approaches is that it makes it easier for them to find products that are most important to them.

When a retailer understands a consumer’s behavior through the decision making shopping process, they can tailor and present personalized messages, offers and communications to them as they get closer to the “ready” state of making a purchase. Over half of consumers agreed that receiving personalized product recommendations on a retailer’s site (55%) and/or personalized email (54%) from a retailer related to their past shopping behavior is highly desirable.

CONSUMERS WANT EASE OF USE AND VALUE FROM RETAILERS

“Retailers who personalize my shopping experience make it easier to find the products that are most interesting to me”

“Retailers who personalize my shopping experience provide a valuable service to me”

Source: the e-tailing group
Retailers who employ customer-centric marketing practices make the shopping experience easier for consumers and provide a valuable service to them. The goal is to increase sales and revenue by delivering a more personalized shopping experience to each consumer. Consumers who receive a cross-channel personalized shopping experience have stated that they are likely to purchase and purchase more from these retailers.

Personalizing across channels (website, email, display ads, mobile, store) allows retailers to dynamically personalize the experience for each shopper, delivering the products they are interested in at exactly the right time, no matter where they are. This provides a consistent shopping experience, helps the consumer reach the ready state and leads to improved conversion and revenue.

40% of consumers buy more from retailers who personalize across all channels.

41% of consumers buy more from retailers who send them personalized emails.

39% of consumers buy more from retailers who personalize web recommendations.

32% of consumers are likely to purchase when they see and click on ads for items they shopped on a retailer’s site.

Source: the e-tailing group
CONSUMERS ARE WILLING TO SHARE DATA

Consumers said they are willing to share data about themselves to expedite and improve their shopping experience. They also stated they will share information about themselves with trusted retailers in order to receive targeted offers, promotions and recommendations in return.

Over half of consumers (54%) accept and acknowledge that retailers are collecting information about their online behavior in order to provide a more personalized experience on their website. And they are willing to share information about themselves to find the products and services most relevant to them—whether they are in the research phase or the ready stage of making a purchase.

54% OF CONSUMERS ARE WILLING TO SHARE INFORMATION TO EXPEDITE THEIR SHOPPING EXPERIENCE

51% OF CONSUMERS ARE WILLING TO SHARE DATA TO RECEIVE A BETTER SHOPPING EXPERIENCE

37% OF CONSUMERS ARE WILLING TO SHARE DATA TO PROMPT THEM TO PURCHASE THROUGHOUT THE YEAR

Source: the e-tailing group
CONSUMERS DON’T PURCHASE UNTIL THEY ARE “READY”

Retailers spend a lot of time, effort and money attracting consumers to their websites. Yet over 97% abandon those sites without making a purchase*. 

There are many reasons why consumers do not purchase, but the main reason consumers abandon retailers’ sites is because they are still in the research phase. One in three consumers reported they will abandon without purchasing because it is difficult to find the products they are most interested in.

Retailers need to help the consumer reach the “ready” stage of purchasing. Through customer-centric marketing practices, they can engage the consumer across multiple channels to help them research, decide and ultimately make a purchase. Readiness starts with and requires finding the right product and the right offer.

*Forrester Research

RETAILERS NEED TO UNDERSTAND EACH CONSUMER’S STATE OF READINESS

- **44%** of consumers leave a retailer’s site without purchasing because they are still in the research phase.
- **33%** of consumers leave a retailer’s site without purchasing because it is hard to browse for products.
- **67%** of consumers are confident and ready to make a purchase once they find the right product.

Source: the e-tailing group
INCREASE READINESS BY INTERACTING WITH CONSUMERS WHEREVER THEY ARE

Consumers research products through various means – search, ratings, reviews, friends, word of mouth, and other readily accessible sources of information. Retailers need to be able to interact with consumers as they move through the shopper lifecycle.

With more and more vehicles available to find information and devices to access it, retailers need to adapt how they market to consumers. Mobile is becoming a driving force for consumers to not only find information, but also to make purchases. 37% of consumers reported they had made a purchase using their smartphones over the past 6 months. That number rises to 54% among consumers age 18-34.

By employing customer-centric marketing, retailers can reach consumers wherever they are to engage them throughout the shopper lifecycle utilizing different vehicles.

IMPORTANCE OF MESSAGING VEHICLES TO HELP PROMPT PURCHASES

- **Email from retailers where consumers shop**: 57%
- **Search results showing local product availability**: 53%
- **Personalized email from retailers where consumers shop**: 50%
- **Search results with links to retail website**: 47%
- **Online ads showing products from retailers where consumers shopped**: 35%

Source: the e-tailing group
POST VISIT INTERACTION IS WELCOMED BY CONSUMERS

Consumers stated that they see value in customer-centric marketing vehicles and they also welcome them. Personalized email has been a very successful method of making the shopping experience more customer-centric and interacting with consumers after visiting a retailer’s website. Almost 3 out of 4 consumers reported they prefer personal email alerts from a retailer after a site visit and/or purchase.

Consumers are also willing to receive multiple messages from retailers. When retailers personalize the consumer shopping experience, consumers find it more permissible to be contacted. 74% of consumers said they would be willing to be contacted by email from a retailer whose site they left without making a purchase.

PREFERRED MEANS OF CONTACT FROM RETAILERS WHERE CONSUMERS HAVE SHOPPED

- Email alerts for products of interest based on behavior: 72%
- Email alerts for items placed in a shopping cart but not yet purchased: 64%
- Order confirmation emails with products recommended: 60%
- Personalized email alerts after a purchase: 50%

Source: the e-tailing group
POST VISIT INTERACTION IS WELCOMED BY CONSUMERS

WITHIN A 30 DAY PERIOD, HOW OFTEN WOULD YOU BE WILLING TO BE CONTACTED BY EMAIL OR ONLINE ADVERTISING BY A RETAILER WHOSE SITE YOU LEFT WITHOUT MAKING A PURCHASE?

- **30%** willing to receive at least one post visit interaction
- **22%** willing to be contacted 2 times
- **14%** willing to be contacted 3-4 times
- **8%** willing to be contacted 5+ times
- **26%** never willing to receive a post visit interaction

Source: the e-tailing group
There are many reasons why consumers leave a retailer’s site without purchasing. Research is an essential part of the shopping process and abandoning the site doesn’t mean the retailer has ultimately lost the sale. To embrace the promise of customer-centric marketing, retailers must be able to continue an ongoing dialogue with consumers across different channels and over the shopper lifecycle.

Consumers who abandoned retailers’ sites stated they would do the following:

- Visit the online store again within 60 days (38%)
- View a personalized email triggered from the visit (26%)
- Visit the retailer’s physical store within 60 days (23%)

However, there are major competitive threats that could impact whether a retailer can win back a consumer who visited their site. Respondents reported Amazon is the first stop a consumer makes after abandoning a retailer’s site. A search on Google is the second highest reported next stop a consumer makes.
Retailers need to continue the conversation after site abandonment despite not having made a purchase. How often would you do each of the following once you have abandoned a retailer’s website?

**Top 2 box: All the time/very often**

<table>
<thead>
<tr>
<th>Activity</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Visit the online store again within the next 12-18 months</td>
<td>39%</td>
</tr>
<tr>
<td>Visit the online store again within 30-60 days</td>
<td>38%</td>
</tr>
<tr>
<td>Peruse an email that comes subsequent to that visit</td>
<td>26%</td>
</tr>
<tr>
<td>Buy from the online store within 30-60 days</td>
<td>26%</td>
</tr>
<tr>
<td>Open an email featuring items you left in your shopping cart but didn’t purchase</td>
<td>25%</td>
</tr>
<tr>
<td>Visit that retailer’s physical store within 30-60 days</td>
<td>23%</td>
</tr>
</tbody>
</table>

Source: The e-tailing group
BEST PRACTICES TO ENGAGE CONSUMERS AND INCREASE BUYER READINESS

Many retailers today have created internal silos in which different departments manage web, email, display advertising, mobile and in-store interactions with consumers. With consumers now expecting a more unified, personalized experience and with both Amazon and Google raising the bar, retailers must embrace a customer-centric marketing approach that bridges internal silos and aligns with the shopper lifecycle.

Retailers need to build upon a holistic strategy and employ cross-channel personalization techniques across all touch points to Attract, Convert and Nurture consumers. Consistent, personalized communications will help increase buyer readiness leading to increased purchases from consumers.

So where should you start? Make sure you are thinking about a strategic, holistic approach. Pick an area to start and get a quick win. And most importantly, focus on consumer engagement across channels and personalize the shopping experience for every consumer.

ATTRACT
COST EFFECTIVELY DRIVE THOSE CONSUMERS MOST LIKELY TO BECOME CUSTOMERS TO YOUR SITE

CONVERT
ENSURE THAT THE HIGHEST PERCENTAGE OF VISITORS PURCHASE AT THE MAXIMUM AVERAGE ORDER VALUE

NUTURE
DRIVE REPEAT PURCHASERS & RE-ENGAGE LAPSED CUSTOMERS AND NON-RESPONSIVE CONSUMERS TO MAXIMIZE LIFETIME VALUE

- EVERYTHING PERSONALIZED
- LINK ALL DEVICES
- CONSISTENT DATA
- COORDINATED CAMPAIGNS
- UNIFIED REPORTING
- HOLISTIC MANAGEMENT
MyBuys is the #1 customer-centric marketing provider for retailers, consumer brands and agencies. We help our clients maximize the effectiveness of their digital marketing spend by understanding every consumer’s unique behavior, preferences, and purchasing history, applying our patent-pending algorithms to predict the products that each individual would most likely purchase and then delivering 1:1 personalized offers and recommendations across e-commerce sites, email, display ads, mobile devices, social media and in direct mail. MyBuys leverages the power of cloud computing and big data to drive unmatched return on investment for our clients, and we today manage more than 250 million unique consumer profiles for more than 400 leading retailers and consumer brands. MyBuys was named one of the fastest growing private companies in America by Inc. Magazine for 2011.

To learn more about Customer-Centric Marketing and how to get started, please contact MyBuys at 888-291-2422 or LearnMore@mybuys.com.