



## Is that really *you* clicking?

by Roy Wollen

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### Executive Summary

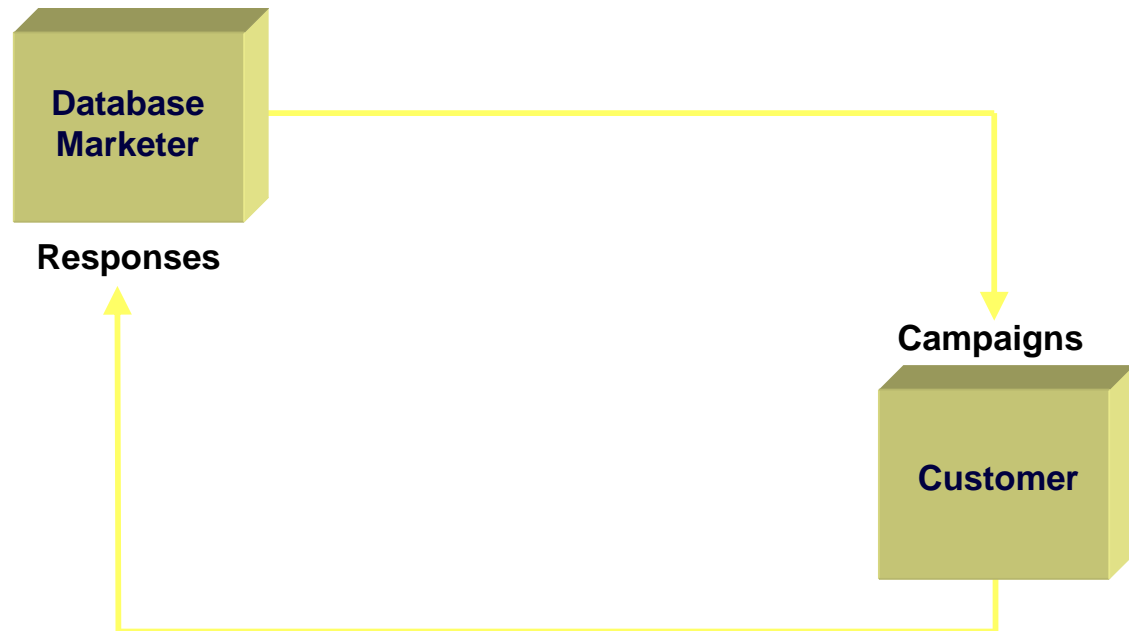
Your customers prefer to use the internet anonymously until there is a good reason to login, provide an address and divulge their identity. If you provide value, they will feel justified in identifying themselves and recommend your site to others. If too much knowledge is brought to bear, a customer the experience will feel creepy, and you forfeit any good will generated up to that point.

### Introduction: the paradigm shift in customer behavior

The consumer is taking control of the advertising message as they are emboldened by consumer protection initiatives such as Do Not Call, and as they react to a sea of unwanted advertising and stories of identity theft. With trust levels low, and the customer in control, what does this mean to us as business people? Is this a good or bad thing? Are we doomed?

When marketers and technologists work together to embrace consumer behavior and change, the best solutions add value, and are rewarded by customer loyalty and advocacy (as in your best customers will help you recruit new customers). Those who cling to the old model and ignore this paradigm shift, and presume to just continue to focus exclusively on outbound communication, will be relegated to the background.

In the past, advertisers could support their business with an outbound communications model. This is where sellers, using customer databases, batched together the names of target customers then blasted out communications such as direct mail, telephone calls and eventually email. A small fraction of customers respond to these campaigns, which flow back as responses, and the product purchased, disposition and experiences were captured in a marketing database. This can be illustrated as follows:



What do I mean when I say outbound? Advertising such as...

- E-Mail
- Direct mail or Catalog
- Space advertising in print
- Direct Response Television (DRTV)
- Telemarketing
- Any kind of addressable, measurable media

#### Observations:

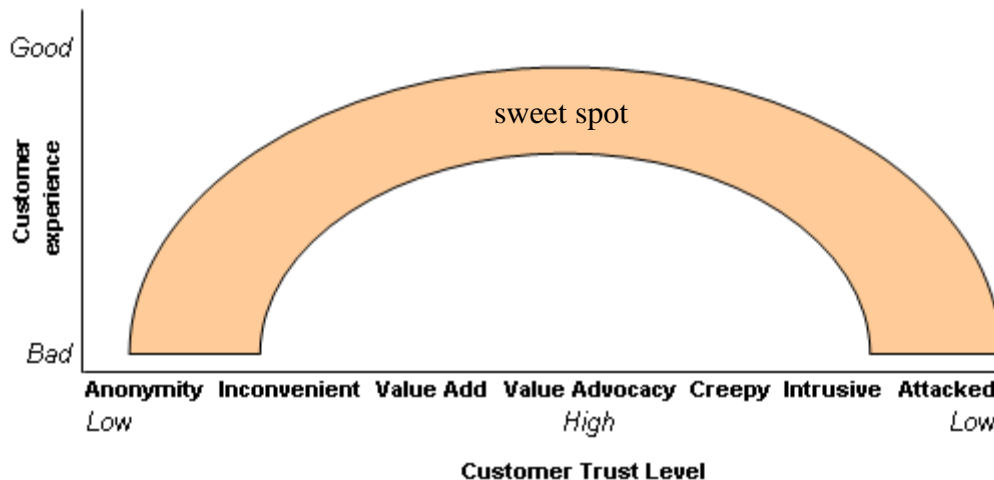
- Campaigns are outbound from the database marketer at a substantial cost
- Numerous processes aid in the selection/processing of the target customer at a high cost
- Responses flow in to the database marketer as a fraction of the original campaign (e.g., a 2% response rate is hailed as a success)
- When customers come to you, either by visiting your website, calling the call center, showing up at the store, they may not be responses per se and as a result the costs are practically \$0
- Little energy is put into identifying and valuating customers who just show up; mostly they get equal treatment which is leaving money on the table

Outbound communications are desperate to cut through the clutter. If the message is relevant, and the audience receptive, the model works whether the customer visits a store, contacts a dealer, clicks through to a website, answers the phone and so on. Add in the multichannel behavior (i.e., one channel indirectly causing a response at another) and you have marketing chaos, complete with the newest cottage industry, multichannel response attribution.

### What's changed?

The biggest change is communication initiated by the customer, which is not a response to an outbound communication stimulus. The shift to consumer controlled advertising (inbound) has been predicted for 30 years, notably by Don E. Schultz of Northwestern's Medill IMC program. Elana Anderson points out that inbound is also *"an opportunity to establish an emotional connection with the customer, build trust, capture information, and- in some situations- deepen the financial relationship"* (Forrester, September 2005).

The best marketers engage customers by drawing them out of their anonymous shell. They reward this exposure. For example, multi channel touchpoints from cross-channel shopping is intelligent (that is, the seller does not punish a customer by asking her to input her ID number repeatedly and recognizing prior work done within a conversation or session). Mainly, the best marketers, by way of their intelligent touchpoints (i.e., call center, website, store) solve a customer's problem. The customer feels welcomed with a brand-building experience. Any attempt by the contact center to identify a caller/visitor prior, either by way of Automatic Number Identification (ANI) or a website cookie, is actually seen as convenient and help in getting the job done (whatever the transaction on a customer's mind). If designed well, a marketer's intelligent touchpoints lives in the sweet spot between anonymity and intrusiveness. Done poorly, and the experience quickly sours and feels creepy to a customer. This can be illustrated as an upside down U-curve:



The customer enters this model cautious and anonymous. They are not engaged and prefer it this way until there is a good reason to login, provide an address or divulge an existing business relationship. On the other end, a customer may feel under attack and defensive if too much knowledge is brought to bear or in the wrong way. A customer may articulate a fear along the lines of "how did you get my name?" or "how did you know that about me?" which embodies a bad

experience and potentially forfeits any good will that's been amassed up to that point.

Clearly the sweet spot is in the middle, a space where the customer acquires perceived value in exchange for their identifying information without a feeling of being taken advantage of. How do you get there? Earn the customer's trust, deliver relevant messages, put information and technology to work; in short stand out from your competitors using database marketing to its fullest extent.

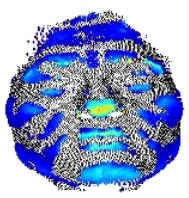
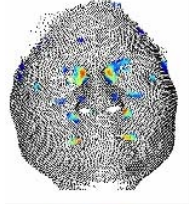
Each stage has its own experience and trust level as follows:

- **Anonymity**; consumer not engaged
- **Inconvenience**; we're all treated the same way, touchtone-IVR navigation
- **Value-Add**: customized experience, got it done quickly, didn't feel like I was being sold something I didn't want, feel good about the brand, if there's incentive I might recommend the brand (friend get a friend with a reward for me)
- **Value-Advocacy**, feel so good I'll recommend this to others, talk about the experience, forward on an email without a reward
- **Creepy**: hints of intrusiveness emerge: more benefit to seller rather than consumer, feel out of control, want to complain
- **Intrusive**: how did they know it was me? How did they get my name? How do I opt out? that was creepy, find a way to complain
- **Attacked**: defensive, fraud alert, warn friends

Take this quiz: Which online activity would you say is High Trust and which is Low?

- Email I opted in to (High Trust, even though they know my name, I am in control)
  - Banner ad that somehow knows I was just surfing a weight watchers website (Low)
- One of my favorite websites that says "Welcome back Roy" (High, but depends on user experience)
  - Paid search results that say "Meet singles in <your home town> tonight" (Low)
- Customer opinions posted online (High Trust, unless I suspect cheating)
  - Unsolicited text to my mobile phone saying "Eat at Joe's" as I drive past Joe's (Low)

## Where do all these data come from?



- User types in a web address in a URL (direct to site) or clicks on:
  - Email click through
  - Organic search result
  - Paid search ad
  - Digital ad (banner)
  - Link on an affiliate publisher like MyPoints.com
- Depending on what you clicked, you may be intercepted by a 3<sup>rd</sup> party intermediary
  - Ad Servers like DoubleClick
    - Create/Read a cookie for targeting and tracking responses to digital advertising
  - Ad Networks like Blue Lithium
  - Web analytics service provider such as Omniture
    - Create/Read a cookie to track and analyze website behavior
- So, we have data, lots of data
  - Cookie
  - IP address which uniquely identifies the PC
  - Data on the source of the click (Referrer, Date-Time)
  - Data about the session and visit (Behavior)
    - If you aggregate this up by IP address, all of a sudden you go from looking at “clicks” to “clickers” which is a breakthrough
    - DoubleClick/Performics calls this a Global User ID (GUID) and this lets marketers
      - Analyze customers across web sessions
      - Discover the power of generic keywords and searches that usually begin a purchase cycle with research, but don’t always get proper credit for influencing the sale
- User behavior is captured in a server weblog by IP address and Date-Time (still anonymous)
  - You should be tagging relevant pages for analysis. These tags are really 1x1 pixels embedded into important pages and links and act as a beacon sending information home to a marketer. Why is this important?
    - Shopping cart will tell you whether merchandise was loaded and may be abandoned
      - By the way, not all abandons are bad, since customers like to print out an online shopping cart then go to the store
      - Do you see how analyzing the shopping cart is important?
    - What about customers clicking on store locator links, which indicates an intent to purchase offline
  - One more comment on weblogs are beasts, since everything that touches a page gets logged on the server, even web crawlers and spiders looking for relevant content for search engines like Google, Yahoo and MSN
- Ultimately, registration, transactions or a login will identify the person, now it’s up to you to utilize your customer database to market to them

What can a customer database do support this?

- Identification of visitor
- Valuation of visitor and dynamic offers based on result
- Cross sell based on prior purchasing
- Dynamic landing pages to optimize conversion

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### Continuum of interactive marketing analysis

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	<i>Question</i>	<i>Solution</i>
<i>Tactical</i>	Which e-mail generated the response (open, click through to the website)?	Deliverability analysis Best email subject line Clickthru Rate (CTR) Analysis
	Which call to action or featured item generated the click through?	Best Campaign/Offer Best Segments Best Seasons
	What were the costs to deliver the campaign?	Return on Investment (ROI)
	Did the click thru generate sales?	Conversion Analysis Landing Page Optimization (LPO)
<i>Strategic</i>	Was this an effective way to acquire customers?	New To File (NTF) and Subsequent Sales analysis
	What is the Lifetime value of the customers once they come on file?	Which interactive program, (search, affiliate) publisher or offer brings in the best customers over time?

Conclusion: The best marketers recognize the power of customer data and leverage this without exploitation. Be good stewards of data that contains personally identifiable information (PII) such as name and address, email and social security numbers. Respect your customers and visitors, use information to serve them better.

## About Database Insight, Inc.

Database Insight, Inc. offers practical advice on how to improve your direct- and interactive marketing by deepening your understanding of your customers.

We offer consulting for direct marketing clients through exceptional people, forward thinking solutions and analytics. We bring to bear 20 years of experience understanding customers via database analysis.

For information on hard-copy or digital reprints, e-mail [Roy@DatabaseInsight.com](mailto:Roy@DatabaseInsight.com)

Database Insight has an office within the historic Civic Opera Building at 20 N. Wacker Drive in downtown Chicago. <http://www.lyricopera.org/about/house.asp>

Graphic on page 5: Biometrics Research Lab, part of the Centre for Vision, Speech, and Signal Processing (CVSSP) at the University of Surrey, UK

