

Journey planning is a powerful approach to customer management, especially in the early days of the relationship. James Lawson discusses some examples of its application.

## The road ahead

**H**aving a pre-planned set of possible treatments for new and existing customers is a powerful way to ensure that the most productive marketing approaches are followed.

Marketing can continually test and learn to optimise this “customer journey”, and sales and service can play their part too. Within this formal framework, individuals can be managed appropriately based on which of the different stages of the customer lifecycle they are at, rather than simply being offered a new product with little or no consideration of their current status.

### Time of life

“The journey perspective can unite the perspectives of different functions and channels,” says Merlin Stone, director of WCL. “It’s a ‘time slice’ through the customer experience, and it is very customer-oriented. Customers hate being managed by different isolated functions or channels, and appreciate that the company is trying to meet their needs.”

From an analytical standpoint, the different possible actions within the various stages of acquisition, maturity, lapsing, win-back and so on, can be formed based on how diverse types of customers have historically behaved at these junctures. Marketing can then develop a set of rules to decide

on which one of those actions is most appropriate for different customer types and also employ some form of predictive modelling or rules-based segmentation to classify customer into lifecycle stages, and segments within them.

“Analysis sits at the heart of the customer journey,” says Nick Evans, consultant at Jaywing. “This approach means you can quickly find out where the key problems lie, for example, repeat purchase in mail order. You need to use analytics first to find the challenges rather than using some standard journey. It’s driven by transactional behaviour, for example, spend over a certain period, and time.”

Incorporating timing into customer targeting is a crucial feature of the journey approach. In all the examples given here, time since acquisition, outbound contact, response, purchase, or some other important event is a key variable used in deciding which treatment or action should be next.

“Time is key within many relationships, and past behaviour either of segment or lookalikes can be used to determine whether someone is active, lapsing or lapsed,” says Nigel Magson, managing director of Talking Numbers. “The definition of these stages based on time from different relationships or key points such as contract renewal can also be linked to offers, and used to change the customer journey.”

## Planning the journey at The Derbyshire

Working with The Derbyshire Building Society, Jaywing formulated a set of letters that would be sent out at defined intervals to new customers that had bought one of four savings and investment products. Offers were also restricted to one of those four products. Using fixed extracts, the agency ran all the analysis and selection work and took weekly feeds to monitor product uptake. "When a new customer joins, it's a very good time to sell them another product," says Nick Evans, consultant at Jaywing. "They are feeling warm towards the company. This is just an early phase of the customer journey which goes right through to retention and winback." Sent up to two weeks after recipients had first purchased, the initial welcome mailing aimed to develop their affinity for the Society, made the first product offer and "signposted" that they should expect other mailings. The second mailing, 14 days later, offered a second product, perhaps an ISA account, and the third, 21 days later, proposed a financial review incentivised with an offer of free wine.

The final mailing came 28 days after that, presented an incentivised survey to gain customer feedback on the products and services offered, as well as to capture important information like insurance renewal or bond maturation dates and mortgage switch intentions. "We targeted most with a savings account offer initially, and the tone and product offered varied slightly depending on the product initially purchased," says Evans. "We also varied offers depending on geography. For example, we might offer a "Rams" savings account to those in the local area and bonds to those outside. The survey captured a mix of soft and specific information that could be used for marketing in future."

"We had very good uptake and it added a lot to our knowledge about what works for different customers," says direct marketing manager Peter Bates. For example, bonds buyers tended to not be local and be less direct mail responsive, while ISA and savings account buyers would live in the region and be more responsive. "It might be better to give an older bonds buyer a quick phone call to say thanks and offer other product information," comments Evans. "That's one for the future."

The period following initial acquisition is a crucial time in customer development, particularly in charities, and is most prominent in journey planning. The aim is to make sure that new customers either continue to purchase, purchase other products or, conversely, do not defect immediately. It is also a relatively easy stage to define for analytical purposes.

With its fixed term contracts, the mobile telco industry is particularly well suited to this approach. Carphone Warehouse sends its new customers one of the 25 variants of its digitally printed 16-page welcome pack, with a personalised guide to their new phone and a range of other information which encourages them to use high margin services such as roaming or GPRS.

One year later, just before their contract expires, customers receive another highly personalised letter with a range of attractive upgrade offers that are based on their spend to date. As an incentive, the company offers them accessories based on a code tagged from Acxiom's Personix classification.

"A younger person might be offered an iPod while for someone older it might be a car kit," says Gavin Wheeler at agency WDMP. "Response to upgrade

offers has trebled."

In b2b, Screwfix uses a formalised direct mail programme to encourage respondents to its above-the-line and online marketing to make their crucial first purchase. Once an enquiry comes in, a catalogue is dispatched immediately and a postcard reminder – "we haven't heard from you yet" – arrives three to four weeks after the catalogue, followed by a series of other mailings.

"The whole cycle lasts around 20 weeks if you don't order," says Screwfix's head of marketing Simon O'Mahony. "We'll send some special offers from the catalogue in smaller fliers. The 'last chance' mailing is quite aggressive, with a message along the lines of, 'This could be the last catalogue you get from us'."

When a customer places their first order, they receive a bespoke welcome pack with a welcome letter, a new catalogue and a reward in the form of a discount on their next purchase. This helps to encourage the customer to make a second order, something that analysis of transactional data revealed to be another important stage in their development.

## Early learning

Building in a data capture element to welcome communications is another important application, particularly in industries like general insurance where decisions are very often price-based. Renewal dates are the most obvious example.

"The initial welcome letter is often accompanied by a survey which, if properly structured, can be used to determine the initial comms programme," says Magson. "A key consideration at the point of acquisition, and something many companies miss, is to use the welcome stage as an opportunity to find out more about the customer."



**We mapped the key journeys that people could take and it was like spaghetti**

Scott Logie, managing director, Occam.

According to Magson, the two main aims here are finding out from the customer the answers to the "killer" questions that will allow you to decide how you will then service that customer, and also how they want to be serviced by you. The latter is typically accomplished via questions on channel preference and marketing opt-outs, but it is possible to go far beyond this. By and large, customers are happy to provide information at the welcome stage, in the belief that it will benefit them in the long term. But

many companies shy away from this or fail to see the insight and value management potential it can bring.

The need to quickly identify how much resource to devote to different customers during the welcome phase, and therefore which branch of a journey they should be allocated to is also pinpointed by Mark Robinson, managing director of Marketing Databasics. "It's difficult but important to understand the worth of a customer early in the relationship," he says. Working with More Th>n, Robinson approached this problem by segmenting different customers within the acquisition phase and monitoring them to record their actions.



### Analysis sits at the heart of the customer journey

Nick Evans, consultant, Jaywing.

"We tracked how they moved through the segmentation and it became very clear which were churners and which would stay long term and were worth investing in," he explains. "It's about looking at past behaviour, deciding on actions to take for the different types and applying those to new customers who behave similarly. You have to put the segmentation in place and report consistently over time to learn what to do."

The work led to important changes in the early part of More Th>n's contact strategy, and investment in a new customer magazine to send to key segments.

Once they leave the welcome phase, a customer will typically drop into a segment-based programme where time between interactions may only be monitored to prevent over-contact. At Screwfix, customers leaving the welcome phase enter a set mailing programme where selections are based on a RFV segmentation and an estimate of future potential. Lapsers who don't purchase in a 12-month period are re-contacted with a special offer catalogue and then tracked to check whether they only purchase on discount.

### Start simple

As customers will constantly be changing their status and new acquisitions arriving daily, you need solid processes to cope with the journey approach. A tightly organised campaign team, a diverse hierarchy of pre-built campaigns and a clean up-to-date customer-referenced database, along with the associated analysts and tools, are the minimum requirements.

However, the analysis and subsequent operational work doesn't have to be sophisticated to be effective.

Evans recommends starting slowly and then beginning to overlay additional complexity as knowledge builds.

"You need a clear exit point and aim for each phase," he says. "How much you spend will be defined by the objective. Be clear when to stop or do something different rather than constantly remaining the same communication."

For example, the initial problem at Avon Cosmetics was that 60 per cent of new customers were only buying once so Evans worked with them to build a phased sequence of communications to counter this. Following the success of that work, the company focused on other issues such as the low responsiveness of those buying via email to Avon's scheduled direct mail campaigns.

"We developed a mixed email and direct mail set of communications, with a higher proportion of email for them," explains Evans. "That rejuvenated that group of customers and at lower cost too."

For most companies, it may be too daunting to take journey planning to its logical extreme – mapping all possible communications at different stages of the customer lifecycle and implementing it operationally – particularly when multiple channels are involved.

"We put it in place for Bank of Scotland nine years ago and getting buy-in from everyone involved was a hard job," says Scott Logie, managing director of Occam. "We mapped the key journeys that people could take and it was like spaghetti. In financial services, someone could keep their current account but lapse in the use of their credit card. So how do you deal with partial lapsers?"

But extending the journey approach to the whole communication process certainly is possible. Logie gives the example of mapping the interactions at one business in order to simplify how they contacted customers operationally, to prevent duplicate contacts through multiple channels and to work out the right marketing offer, or "next best product". This took into account the different products, whether a customer was new, active or lapsed, which channels were available and the frequency of contact, and involved analysing transactional, individual and product data.

The initial work threw up 25 different major combinations of product, channel and contact frequency. Next, Occam worked out which customers did all 25 and who only did a few, identified the most valuable and important contact types, and then added in the crucial timing element to define the order in which the contacts took place.

"Even with just 25 interaction types, you're looking at thousands of potential combinations," says Logie. "The crux of the work was to try to combine messages to reduce the number of contacts. This saved money and freed up time for additional contacts."

On the back of this understanding, Occam formulated rules for the “cradle-to-grave” journey planning, specifying the types of treatment and how the interval between contacts would vary based on response, non-response, spend and so forth.

“It was certainly complex, but because we did it in stages, it was quite easy to manage,” concludes Logie. “There were very small groups of customers on the same journey at the same time. We ended up taking out the first six months and used a generic welcome programme for them, and dealt differently with lapsers.”

Apart from complexity, are there any other downsides to this approach? According to Tim Pottinger, managing director of Identex, it can become inflexible. “There’s the potential for it to become “the way we do things here”, or ‘don’t change it, it’s part of the journey,” he says. “You have to keep testing alternatives.”

### Continual development

As it stands, journey planning has elements of event-driven or trigger-based communications but is still essentially a batch process. It could be fully event-driven but only if you check the transactional data very frequently indeed. But in most companies the update period will have to be of manageable length to cope operationally.

“It’s impossible for most in real time but a month

is too long,” says Evans. “The optimum gap between ‘something happened’ and an action will vary. Analysis, testing and evaluation will show what works and what doesn’t.”

The next step? Cross-campaign optimisation using tools like MarketSwitch could be seen as the eventual destination for offline journey planning, with all possible communications for each customer type at different stages constantly taken into consideration. Online and email marketing, with their low cost and great potential for total automation, are probably where the most complex expressions of journey planning are destined for.

Email can take the digital print approach even further and can be sent far more quickly in response to key customer events, while the most sophisticated websites will aim to identify customers at different stages with different needs and offer them the right content in real time. For example, product information for those researching, general brand information for casual visitors, or pricing information or a targeted discount offer for those ready or almost to buy a certain product. Companies with the resources and ambition are already well down this road.

“The customer journey and the analyst journey are closely linked,” concludes Robinson. “As they find out what works and develop rules on what to spend on each type and what to send, analysts will constantly learn and change their company’s marketing.” ■

THIS ARTICLE  
ORIGINALLY APPEARED IN

**database**  
marketing

*Database Marketing* is the only UK magazine that covers the tools and techniques used for both business-to-consumer and business-to-business customer management today. Every month, it addresses critical topics like customer retention, profiling and segmentation, data selection, site location and campaign management through a combination of regular software reviews, articles and opinion. If you want to know more about tools like data cleansing packages, OLAP analysis software and GIS, this is the magazine to read.

Not afraid to mix data warehouses with targeting or statistics with geodemographics, *Database Marketing* bridges the gap between sales, service, marketing and IT to inform both those that work directly with these tools, techniques and data, as well as board level executives that have to decide which systems and services to choose for their company.

Why not register for a free trial copy?

For a sample issue:

Contact 0115 959 6413 or email  
info@dmarket.co.uk.

Visit [www.dmarket.co.uk](http://www.dmarket.co.uk) for more  
information and to register online.