

James Lawson discusses the challenges in forming an integrated view of online and offline customer behaviour.

MAKING A CONNECTION

The potential for customer understanding that the web offers is almost limitless. From the start, companies have grasped this fact, and there are now armies of suppliers waiting to tell you how good your site's customer experience and usability is or which of your pages was most popular last month. But how this translates into outbound customer contact is another matter.

Already clever

There's no doubt that ecommerce is booming. Retail analysts Verdict Research said last month that online retailers accounted for almost half the cash growth in retail spending last year, with sales increasing 15 times faster than the retail average. But despite much striving for a multichannel view, there is still a gulf between the marketing work that many companies do offline and their online efforts.

"Online and offline direct marketing should be complementary," says Ruairaidh Thomas, general manager of Data Lateral. "But you need very robust back end systems to do it properly. It all comes down to good clean integrated data in the end."

It's that old silo problem again. One of the main

stumbling blocks to forming a universal single customer view is that different systems are used for conventional marketing and the web. All too often, email and the website sit in one place, probably IT, and the direct mail, customer database and telemarketing lie elsewhere, with inevitable consequences for integrated marketing efforts (see box "The online silo").

"We might work on a DM project but we will never see the online data," says Scott Logie, managing director of Occam. "They'll say, oh, that sits over there. Some do it well, like Eurostar where they have on- and offline data sitting on the same database, but they are the exception rather than the rule."

Likewise, no proprietary operational tool covers the whole gamut of on- and offline marketing: very different systems are used to handle the web side.

"You tend to get tools in either camp, but not one that does both," says Nigel Magson, managing director of Talking Numbers, who has built the TN-MQS system in order to handle integrated campaign management. "We're developing it further and adding querying using Apteco's Discoverer. You want to link back to an individual so that you can act on it."

But though it might be isolated, web analysis is far

from crude. In fact, it has become incredibly sophisticated as companies realise that they can continually monitor what their customers are doing and act on it. And there's no doubt marketers realise its importance: getting anyone to talk about it in detail for this article was extremely difficult.

Contemporary website analysis has a number of different goals, mostly concerned with optimising the site structure and its content – what should go on the home page, how to make sure buyers have all the options they need to buy quickly, improved design



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where a page tends to be the exit point and so on. Simply pulling out sensible counts of individual page views is the initial challenge. Web logs are a mass of often useless detail and site analysis tools must differentiate between the good and bad, and the relevant and irrelevant.

For example, search engine spiders generate page hits, but are certainly not going to buy, so it's important not to count their page views. But having said that, it is also important to know what route a spider takes through the pages in order to structure the site

to maximise natural (organic) search engine rankings.

Likewise, it's important when trying to drive traffic to know where your customers clicked through from. If it was from a search engine, which key words did they use? Where did they enter the site and where did they leave? Some form of online database becomes essential so that you can track conversion of paid-for keywords into actual sales – rather than just click-throughs – and work out your return.

“Historically, web analysis has been about aggregated stats, usually fairly basic. The market is very early on in its uptake of this opportunity,” says David Jackson, managing director of Site Intelligence. “If you look at the speed or the length of time that a customer spends on the site or the sequence of the pages used, you can see if they are an experienced visitor or a new user that wanders around. There are big differences between how males and females use sites.”

“You want to present different content depending on whether they are male or female, or if you add new products and services to the site, the higher value shopper may miss them,” adds Jackson. “It's about site design and how you deal with them. Techniques like making sure the highest margin items come up on the first page of products offered is classic ‘real estate management.’”

Focus on the customer

So if the news page is popular then charging more for the ads on that page would be smart, as would placing more ads on that page. But how to translate this into

The online silo

Much of the outbound activity linked to web behaviour comes in the form of triggering and, though it again shows how the link between insight and action are restricted to the online arena, the ability to quickly fire off a personalised email based on site activity is certainly extremely powerful. Emails triggered by web behaviour are probably amongst the more advanced purely online operational work that is being done at the moment – that's not including all the companies that send follow-up cross-sell offers after a purchase. The top application here appears to be following up abandoned baskets with an email offering the browsed products at a discount or with free delivery.

“eLoan emails customers 30 minutes after abandonment,” says Andrew Burford, VP EMEA at Responsys. “If they have not purchased before then they get a bigger incentive.” At Burford's client Petco, pet owners can log on to the Petco web site, fill out profile data, and are then instantly emailed special targeted offers for their pets. Apparently this campaign resulted in 335 per cent increase in incremental revenue. But laudable as this is, the profile data collected for targeting had to be solicited very much in the traditional way. Rather than expressing web behaviour in the form of usage segmentation codes or scores representing browsing, research or buying behaviour, actionable data still takes the form of name, address and supplementary offline data – only it's collected via a web registration form rather than instore or over the phone. In the Petco example above, customers had to volunteer profile information rather than it being collected and used automatically by the site owners

In an obvious example, if someone spends most of their time looking at tennis rackets but doesn't buy, then it would be a good idea to hit them with your best offer for tennis rackets. Similar applications include monitoring visit frequency. Most customers might visit monthly so if a shopper frequency drops below this, you can take some kind of pre-emptive action. William Hill emails punters who register on its site but never bet, to encourage them to come back and gamble.



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David Jackson, managing director, Site Intelligence.

information suitable for direct contact?

“Automated weblogs interpretation only takes you so far, they are tools for optimisation but not for contact strategies,” says Martin Boddy, managing partner at Jaywing. “It’s not really connected to the customer. You need to categorise the data and you need good marketing communications people to use it.”

In this vein, much of the work carried out by Talking Numbers to give context to the visit records involves adding “page tags” to the site, that is, what does it tell us when someone visits this page? “Using conventional web analytics takes a lot of long-winded programming work to set up and turn the page impressions into meaningful marketing information,” says Magson. “It’s very hard to get usable information out of these packages. With a complex site, the marketing team has to work out what they want to be monitoring and tracking.”

At the most basic level, regular use of a website can be taken as a measure of readiness to interact with the brand and thus as a scoreable propensity to respond to communications; financial services already employ records of branch visits in a similar way. “The score can be related to the number of visits and whether they buy or not,” says Logie.

While online purchase records are just like any other transactional data and can be linked to offline



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Nigel Magson, managing director, Talking Numbers.

through the buyer’s name and address, applying the detailed behavioural data gathered through page views to other marketing activities is the toughest nut to crack.

Magson gives the example of a travel company that uses details of what customers have viewed to inform future offers both on- and offline. “If George and Bob looked at trips to India yesterday and you know from your offline data that they haven’t booked, then you can send them an offer from India,” says Magson.

By employing offline purchase information, this takes web-only triggered rules-based email targeting a step further in targeting accuracy: “if they have not bought anywhere else, then send them an offer”.

“You do need to know whether they have bought through one of your other channels, so you need an offline feed of transactional data,” explains Magson.

This takes us to one of the major stumbling blocks: identification. Just as retailers strive to pinpoint their own customers through the use of loyalty schemes

and other incentives, so e-tailers can only identify customers if they register, or if they purchase. In both cases, they can then be tracked using cookies or through a requirement to log in – or both. Of course, email offers can always be sent – all you need is that email address. But if that outbound email bounces, then the best way to contact and reactivate the customer will be through a piece of direct mail, and it’s only by making an explicit identification through name and address that they can be linked to data held on them elsewhere to refine targeting.

“You can deal with page tags and cookies but at some point you need the actual individual, so you need purchase or registration,” says Magson. “Matching on email only has issues. People share them and they change rapidly. You really need to collect proper offline data like name and address.”

If you have this, bringing the online and offline data together is classic data integration. “You have to do a preload from the website’s back end systems first,” says Magson. “We put all the web data on a separate server and pull it out as a feed to the marketing database. We’re starting to do classic profiling exercises based on the different types of customer that go on to book versus those that research and leave.”

Another major travel operator has gone even further, segmenting online buyers against enquirers and looking at other indicators such as which hubs they fly from to which destinations to group them more finely. By combining a mix of attitudinal and lifestyle data collected offline through post-holiday questionnaires with individual-level online behavioural data, then adding Acorn codes, the resulting segmentation can be used offline in applications like catchment analysis for high street shop location. Scores are also fed into another segmentation used for email marketing.

More advanced

If a customer can enter some unique identifier besides name and address, then that has to be even better. This is exactly what Boots is able to do using its Advantage card. According to Boots.com’s commercial director Ian Tonge, being able to link through the Advantage code means that both online and offline data is held against customer records in its loyalty database.

“We have an understanding of how they shop online and how they shop in-store,” says Tonge. “Because of this, we’re aware that a very large percentage looked online before going to buy in-store.”

With the detail it already holds on its customers and by working with suppliers like Site Intelligence, Boots is able to segment its online customers by variables like age and affluence, and to observe the browsing and buying behaviour of different groups in order to better market to and service them. With “silver

surfers" identified as the fastest growing shopper group and the one that offers online retailers the greatest potential, this is a definite area of interest for the company.

"We track demographic profiles and look at the way that the older population shop around the site," explains Tonge. "We're very interested in how they behave, especially as prescriptions will be going online soon. We do still use a separate database for online customers, not a common one as ideally we would, so it required extra effort to gain advantage. We want to do that in the near future, and we want to integrate other data sets too, such as the people who order prescriptions through Boots. Making the products we offer more relevant is the chief ongoing goal."

The need to gather data is certainly understood by the leading e-tailers. Boots offers Advantage points if a shopper provides their email address, while Argos is going the other way by offering vouchers to spend in-store to its online customers – this voucher provides the link to offline buying and actively encourages shoppers to use the high street stores.

Through the use of cookies, you can track the site behaviour of anonymous unregistered browsers who visit repeatedly. This is where simple web-only techniques, such as collaborative filtering, are useful. By comparing one browsing profile to a collection of others, it can quickly indicate products that might be profitably offered to those who view particular com-

binations of products. And if they purchase, then you can put a name to that history.

"You can tie up previous pre-registration behaviour via cookies," explains Magson, "so it's worth collecting anonymous data."

The leading e-tailers are certainly getting much better at analysing and understanding their online customers' behaviour. According to Verdict Research, Argos's victory over Index in the battle to be the leading catalogue showroom operator was in part due to its superior multichannel capabilities.

"If you browse but don't buy a PlayStation just before Christmas, it's highly likely that you bought one elsewhere," says Jackson. "So you would be a good target for games offers. Major retailers like Argos, Tesco and B&Q are now segmenting their visitors fairly finely based on what they are buying and browsing."

But there's still a huge amount of work to do. Some, such as Nationwide (p16), are close to or already using insight gained mostly offline to inform offers online, but few are as advanced in bringing together their systems, their data or their structure and processes to allow central control of insight. Until the walls come down, there will continue to be large gaps in your knowledge of exactly who is doing what on your site and why they might be doing it – and so restricting online data's wider application for outbound communications. ■



You need very robust back end systems to do it properly

Ruairadh Thomas, general manager, Data Lateral.

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