

[Script of Speech @ HP World 2000]

Topic: The Competitive Edge in E-Marketing

Title: Capturing Customer Behavior in Cross-Market Situations

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HP World September 2000

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The Competitive Edge in E-Marketing

Capturing All Customer Behavior in Cross-Market Situations

I. Introduction

This has been a tumultuous time for marketing on the Internet. Over the last three years we have seen a dramatic increase in the number of e-commerce Web sites. This movement from traditional marketing to a new era of Internet marketing has been filled with successes and failures. According to what we read, the visitors who come to these sites are of many different varieties.

[Show PPT 1 – of the following categories as types]

They are:

1. Buyers – These are people who are comfortable with technology and the Internet. They are ready to buy and are usually veteran Web users.
2. Affluent “Gen Xers” – This group loves to shop and represents a segment of e-marketing savvy consumers that will eventually outnumber current “Buyers.”
3. The Online Lookers/Offline Buyers – These are people who use the Internet to find what they want and then buy offline. They are still afraid of Internet transactions, returns and giving up their privacy.
4. The Sensors – This group is comfortable with the Internet, but insists on seeing what they buy...touching it, feeling it, smelling it, listening to it.
5. The Fearful – This group is not comfortable with purchasing online. They use the Internet for e-mail and communication and not for purchases.
6. Loyal Bricks & Mortar Customers – They are familiar with the Internet, but not comfortable with e-commerce. They are usually an older segment of the population who rely on retailers they trust.
7. Recreational Shoppers – They enjoy trips to the store or mall and don’t enjoy shopping on the Internet.

Our challenge as marketers is to reach all of them. We develop e-mail campaigns, we develop catalogues to intrigue them, we send them direct mail and we try to capture their attention in stores.

As e-commerce began, many of the new dot.com companies assumed that they had an advantage over traditional brick & mortar companies in marketing to customers. The

Internet was the new gateway and all that was necessary was to get eyeballs to the site. Once there, the visitor would be captivated by the offerings and eager to purchase over this exciting new medium. This, however, has proven not to be as easy as it once seemed.

As we all know, there have been strong showings by certain dot.coms. For example, Amazon.com – with no offline presence and no brand name history - has done a remarkable job of creating an audience and keeping it. “They built it and the people came,” making Amazon one of the most talked about and successful models for doing business exclusively on the Web.

Yet, as we move forward in the new millennium, we are witnessing ongoing market changes. This year, in a new twist, we are even seeing dot.coms open bricks & mortar stores, as they try to increase brand awareness and overall sales.

The businesses we address today at this conference are the businesses that seek to combine traditional market channels with an Internet presence. These are companies that reach their customers in a variety of ways and combinations, including in-store, e-mail, catalogue, direct mail and telemarketing. *The key question for these companies is how do they utilize information from their traditional channels to gain a competitive edge in their online e-marketing?*

[Show slide of wheel with Competitive Edge e-marketing in the center and all the others around it. In-Store, E-Mail, Catalogue, Direct Mail and Telemarketing.]

As countless surveys and analyses have shown, many large, multiple-channel companies are succeeding as they integrate their channels into a unified marketing program. However, to accomplish this feat, these companies have often invested a lot of money and time in complex “personalization” software that is “out of reach” financially for most companies.

Yet, the ability to know your customer and reach that customer individually is as critical as ever to succeed and survive on the Internet and, indeed, in any venue in today’s highly competitive marketplace.

Fortunately, with new advances and lower costs, new personalized e-marketing software is now within the reach of any business. This new software allows you to integrate multiple channels to capture the “Competitive Edge” in the race to see who makes it and who fails in the battle of the new commerce structure.

II. In Search of the E-Buyer

Earlier this year, the San Francisco Chronicle reported that our host today, H-P, was one of the top three spenders on Internet advertising in 1999. With approximately \$16.2 million, it was outspent only by Microsoft and IBM who spent \$36.2 million and \$27.1 million respectively. In total, Corporate America spent 2.1 percent of its total ad budget online in 1999, up 85.9 percent on the previous year.¹ And we are seeing further dramatic increases in online ad budgets this year.

How do we spend that money?

[Show: pie graph of ad expenditures – 55%, 27%, 4% all others 14%]

According to the Internet Advertising Bureau, in 1999, banner ads comprised 55 % of total online spend, sponsorships accounted for 27% and interstitials accounted for 4 %. e-mail advertising has begun to seriously challenge banner ads for dollars spent.²

What are we trying to buy with our dollars?

Returning *customers*, not eyeballs. Eyeballs are not the targets. We spend enormous sums to get people to our sites. And while the fight continues as to targeted ads versus shotgun approaches, getting them there is only the beginning of the struggle. We hope that the banner ad or the targeted e-mail will bring *customers* to us. *Keeping them there and converting them into repeat customers is the Challenge.*

And then what?

So, we bring the potential buyer to the site, and we offer customer service that would rival Nordstrom, and still we see visitors and not buyers, visitors who leave and don't return, visitors who go elsewhere and buy. *Our challenge is to convert e-shoppers into e-buyers and bring them back as repeat customers.*

III. The E-Marketing Challenge

How do we solve the problems connected with the effort to retain visitors and turn them into e-buyers? How do we gain the Competitive Edge?

[Show picture of Mrs. Lange ... nice, buttoned up elderly sales lady with the following under her picture: "Equal parts amateur psychologist, sleuth, mother, morale builder, expert, and friend"]

Until modern marketing, the best way to make a sale was to hire Mrs. Lange. She was a devoted sales person. She was equal parts amateur psychologist, sleuth, mother, morale builder, expert, and friend. She knew every customer by name, knew what they liked, what kind of a day they'd had from the look on their face. She remembered birthdays and special anniversaries, knew individual pocket book limitations and the little things that allowed her to establish a personal relationship with her customer.

She knew that little Johnny hadn't been feeling well, that her customer liked blue and hated green. If they needed a joke when they were tired, she came through. If they needed to be left alone until they had a question, she held back. She was a living archive of information about disparate things, all relating to her customer. And on her shoulders rested the success of the company. No matter the sale campaigns, it was her personal profile of each customer that made the day and the sale.

Mrs. Lange has been replaced by e-marketing, identified as the most crucial element in the success of an e-commerce site. The overwhelming problem identified by corporate clients and Internet marketing executives is turning electronic shopping into actual transactions. During this past year many analysts have discussed the failure of marketing campaigns to gather online sales. What we need today is an electronic Mrs. Lange.

[Show quotes on PPT]

Jupiter's Kenneth Cassar believes that "an efficient way to transition e-marketing surfers from electronic access to transaction would be the answer to many of the unfulfilled promises of e-commerce." ³

John Hearn of Gartner Group considers that, "a e-marketing marketing campaign that successfully turns e-shoppers into e-purchasers to be the very answer," sought by all his corporate marketing executive clients. ³

Leonard Asuncion, of Zona Research, said that, "my corporate clients want easy-to-use solutions to implement e-marketing marketing." ³

In his paper, *Interactive Technology Strategies* (July 1998), Dr. Don DePalma, formerly a Principal Analyst for Forrester Research described what he calls "Dynamic Trade," (e-

marketing), as the critical element in e-commerce. He believes that firms that spend time and money on the e-marketing will increasingly require data-driven measurements to gauge the performance, success and return on investment for e-marketing marketing efforts.³

What does your company need for success in cross-market situations?

Before selecting a technology to serve your e-marketing needs, it is necessary to define your business and your potential customers. Map customers and products to your channels for marketing. Analyze those segments. Decide which channels would be strongest for each product or type of sale. Now decide how your business could be best served by the e-marketing portion of your overall marketing program. Will it be a place to offer promotions, give information, links to product pages, sale notifications, content of interest to the visitor, or collect information which can be utilized cross-channel? *The ability to suit the marketing to the customer requires in-depth customer profiling.*

When a Web site greets you by name and sends you individualized messages about a product or topic for which you have demonstrated interest on previous visits, they are operating on something they know about you. When you fill out member profiles or answer quick surveys or actually purchase something, they know more. When you leave things in an online shopping cart and don't come back for them, they know it and they know there is a reason. Perhaps you were in a hurry or were interrupted. Perhaps it was too expensive and you decided not to buy. Perhaps you bought so many things that you decided to do without this item. Whatever the reason, a site needs to find out why. Whenever a site can get answers they are closer to making a sale. They know more about you.

Behavior of online visitors is the single most important piece of information leading to successful e-marketing. If they know you are interested, they have many avenues open to them. Perhaps the next time you come to the site, you will receive an interstitial that tells you the item you left in the cart is on sale; perhaps a note in an e-mail follow-up that announces a similar sale; perhaps a survey to ask why you make decisions to leave articles behind.

But what of the companies with telemarketers and catalogues, e-mail and direct mail campaigns and sales clerks in stores? Is it any less important for them to know their customers and the reason for their choices? No, but until now, it has often been more complicated.

As companies, many of you have probably amassed information from telemarketing and catalogue sales, and you may even have excellent demographics on your customer base. Yet, without costly software installations, you most likely haven't been able to offer personalized marketing programs. There has been no way to know that the person

who previously ordered golf clubs from your catalogue, and is now standing in your store, might be interested in a new driver or putter.

Moving forward this will change. Successful businesses will see that the e-marketing offers them a chance to capture information and provide a personalized, more rewarding shopping experience. By coordinating key information from their various sales channels, they will be able to produce marketing campaigns like no others before.

What does it take to gain the Competitive Edge in e-marketing in cross-market situations? ***The secret is capturing all customer behavior to which you have access - capturing a complete profile of each customer by integrating online, in-store, catalogue, direct marketing and telemarketing behavior. And then rapidly analyzing market-related information, integrating all kinds of marketing activities, and developing full customer profiles as the basis of your marketing campaigns.***

[Show PPT with 3 categories - "Full Customer Profiles", "Rapid Analysis," and "Cross-market, Targeted Campaigns" leading to the words: "Successful Marketing."]

The focus here is three-fold: the value of full customer profiles in the design of a marketing solution; the importance of rapid analysis of cross-market related information and using the advantage of an integrated profile in e-commerce marketing strategies. Know them, get information quickly from a variety of sources and design personalized, targeted campaigns.

Full Customer Profiles

Historically, retailers relied on one or a combination of traditional sales channels: bricks & mortar, direct mail or catalogue. And there was always the personal insight of Mrs. Lange in the women's department who knew exactly what to sell to a specific customer. Large enterprises have long tried to develop a combination of these techniques to develop marketing strategies that pulled together a compelling picture of each customer and their behaviors.

To combine information about a tele-sale, a catalogue sale, an in-store purchase and a direct mail response was a tedious and labor intensive activity. The larger the retailer, the more difficult the task.³ To be able to slice & dice databases has been a reality only in the last few years. The Internet has added the opportunity to develop additional sales channels both directly by the company and through online alliances and partnerships. Advances in PCs, networked computers, servers and database technology have made the storing of information possible across a wide spectrum of customer behavior. What is necessary is to have the ability to rapidly incorporate all customer information into an integrated approach to marketing.

Products now exist that can support pure e-commerce companies, as well as those corporations that combine e-marketing-based sales with retail store sales, existing catalogue businesses, telemarketing call center efforts, direct mail campaigns, etc. These are the products that give you a competitive edge.

An Integrated Approach

[Show PPT with the bullets identified as seen below]

In a recent White Paper prepared for our company, the Patricia Seybold Group listed the factors which need to be present in software for marketers to achieve an integrated approach:

- Multi-source data integration – for voluminous data gathering, storage and retrieval
- Secure database transfer
- Data set integration of non-e-marketing information
- Customer research, analysis, and segmentation
- Automated e-marketing campaign creation, initiation, and launching
- Campaign management with full tracking and monitoring capabilities
- E-marketing-enhancement of traditional in-store retail sale, direct mail and telemarketing
- Intuitive user interface
- Compatibility in many environments
- Scalable system for evolving e-commerce needs

[Show PPT for the four types of information]

Once information for decisions is present, and marketing strategies have been formulated, marketing campaigns can be implemented. The data that is collected falls into four types of information: shopping behavior, beliefs and attitudes that motivate or discourage buying decisions, purchase histories and corporate data from telemarketing or other market research. This needs to be integrated into a single relational database for analysis and campaign supplementation.³

Our data then, comes from information supplied from e-marketing visit behavior, e-marketing response forms, telemarketing/call center information, legacy customer information, direct mail, in-store purchases and responses to e-mail advertising.

[Show PPT of graph from page 5 of Seybold report]

The key factors in this integration are security, heterogeneous computing platforms and multiple Internet servers handling staggering amounts of data. All the data generated by each separate server represents a separate data set. Ftp and e-marketing site data

from high traffic sites will need to be integrated seamlessly into meaningful demographics.

Multiple databases, operating systems, and e-marketing servers acquiring data from industry standard RDBMSs including Oracle, Sybase, DB2, etc. are a part of the computing platforms of most corporations of any size. They need marketing systems that can access from any operating system and all current e-marketing data formats.

Dynamic Analysis of Data

[Show PPT with the following questions, titled "What We Can Know"]

The system used to handle and interpret your company's data must tell you all you can know about the Web site visitor:

- What route did they take to get to our site?
- What time did they come?
- What did they look at and *not* put in the cart?
- What did they buy?
- What went into the cart but was never purchased?
- What are their demographics?
- What is their purchase history?
- What are their listed preferences?
- How long did they spend on the site?
- On which pages did they stop and how long did they stay?
- What is their buying history from our cross-markets?
- How do they prefer to purchase?
- How does their present behavior compare with previous visits?

It is necessary to develop complex portraits of these visitors. It is possible to follow them around the store without being intrusive. It is possible to record their interest without bothering them. It is possible to see what interests them and what they ignore. With the right solution in place, you and Mrs. Lange will be experts on your customers.

The secret is integration – a full customer profile. Legacy and other channel information combined with online information to produce a clear, detailed picture of each visitor, further enhanced by each behavior in any sales environment.

And as important as what the customer likes, is what the customer doesn't like. In an integrated data management program, the never-responded to e-mail, the never-responded-to direct mail piece, the hostile telemarketing response, are noted and available for each campaign so that marketing can be designed for each individual customer. If there was one thing Mrs. Lange knew, it was what pleased her customer and what interested them. It is possible to be that specific again.

Rapid analysis of cross-market related information

Of course, if a Web site is poorly designed, unattractive, difficult to navigate, etc., or product quality is poor, or customer service is not top-notch, the best marketing campaign will ultimately fail to keep customers. Yet if the speed of response for accessing cross-market information is not adequate, the visitor also will be gone before a relationship can be established.

The Internet and e-commerce have pushed to the extreme the time envelope for marketing. E-commerce sites, armed with effective technology, are taking online snapshots of each visitor and quickly combining that information with other customer data to design personalized offers that keep the customer buying, and coming back again and again.

To be successful, you need the capability to define, setup and schedule all e-marketing campaigns within short time parameters. Drawing on a profile established from cross-market sources, through a single interface, it is possible to create, launch, schedule, monitor and analyze all campaigns. Highly sophisticated and personalized marketing programs can be created and launched simultaneously across market segments. It also is possible to create message platforms that are narrowly defined by demographics.

[Show PPT or drawing with the bullets below, Titled "What We Can Do Rapidly"]

In what used to take days or weeks, a marketer can:

- Gather volumes of data
- Develop market research, analysis, and segmentation
- Create and launch automated e-marketing campaigns
- Track and monitor all campaigns
- E-marketing-enhance traditional forms of marketing like telemarketing, direct mail, in-store and catalogue
- Provide integration of telemarketing and e-marketing marketing
- Deploy in many environments
- Scale their efforts as the business grows

This ability to respond rapidly, combined with detailed, accurate, cross-market profiles is the key to holding the competitive edge.

Scalability

[Show diagram in PPT which shows the expansion of need as volume increases, moving from a standard database to an enterprise situation. Title it "Scalability"]

Since sales growth can be rapid or slow and because it is difficult to anticipate expansion, all software that controls cross-market profiling or e-marketing profiling, must be scalable. It is necessary that the software be based on fully distributed architecture using TCP/IP connections, deployable on one physical machine or multiple machines to increase performance by distributing the load across each of them. It must support numerous databases which allow a user to begin with a standard database such as SQL Anywhere, and then upgrade to an enterprise database such as Oracle, which runs on several database servers.³

Ease of Use

You are not going to install many different software systems in the hope that one will offer you what you need. That is why scalability is so important in the initial purchase. That is why the ability to reach all your cross-markets is so important. Yet nothing is more important than selecting a product that is intuitive and has a multi-environment user interface. Ease of use will make the dialogue between your marketing staff and your IT people much easier. We all know that to install what marketing wants can be a nightmare for the technical staff. They have to cope with multiple computing environments and need software that is accessible from those different environments.

“Sophisticated market research requires complex conceptual modeling and strong mathematical skills. Many companies do not have the resources to support a staff of high-priced consultants or researchers. Therefore, a useful e-marketing product should provide an easy-to-use methodology that guides less experienced marketers. It should break down the complicated steps so as to make the expert e-marketer’s job easier, as well as allow the less skilled e-marketer to achieve sophistication that would not be possible otherwise. Working with seemingly opposing requirements, *complex process* and *intuitive design*, the solution must meet both objectives. Research and analyses function at different levels. At the one end is the highest in ease of use and at the other end is maximum capability.

The secret is to employ powerful, integrated marketing programs based on data from multiple databases – e-marketing servers, corporate databases, and call center – databases, and then conduct data mining and segmentation on that information.”³

IV. Using the Advantage of an Integrated Profile in e-commerce Marketing Strategies

The greater the ability to market rapidly and successfully to each individual customer or group of customers, the greater the profit and the greater the chance that the customer will return again and again. In e-marketing, customer profiles can transition general offers into unique, targeted marketing across multiple customer touch points to address

each prospect individually. Campaigns designed using well developed, cross-market profiles, tie together all the marketing efforts of a company. And customer loyalties is a function of how well you know your client and are able to offer value-added services or promotions of value to that customer. *Personalization via profiling is very much a part of achieving customer retention.*

According to Cambridge Technology Partners, “While companies have long had access to customer information, treating each customer on an individual basis was not always a cost-effective proposition. As the number of customers gets larger, so do the problems associated with providing individualized care. Current technologies, however, make the idea much more enticing. Flexible manufacturing processes can create products in lot sizes as small as one. Data mining and case management applications permit a new level of personalized attention. Many of these technologies, originally developed by catalogue merchants and direct marketing firms are now being used by manufacturers, retailers and service providers. Whether it’s capturing, evaluating, integrating or accessing data, our ability to manage vast quantities of information is increasing at a rapid rate. More information, properly managed, means a better understanding of customers and a greater likelihood that an enterprise can interact with each one on an individual basis. The “mom” and “pop” approach – where every customer is a familiar face – is now available on a large scale. ... No longer can an enterprise view its customer base as a monolithic entity or even as a collection of customer segments. Instead, it must focus on those characteristics that make each customer unique.”⁴

[Show Mrs. Lange again ... modernized and confident]

Thanks to advances in technology, Mrs. Lange has returned and this time she’s capable of selling anything from clothes to cars.” From this time forward, every customer contact point needs to be the source of information about that customer, captured and stored in a “mineable” database, quickly accessible for marketing campaigns.

Another advantage of knowing your customer and what that customer does is mirrored in a comment made by Sir Colin Marshall, chairman of British Airways, about the placement of advertising dollars. “We know that 35% of our customers account for 60% of our sales. Using database marketing techniques, we have focused more of our marketing effort on retaining those customers and increasing our share of their business. That’s why advertising spending is proportionately smaller than that of our competitors.”⁴

And with the speed and targeting ability of the new technologies, we can learn not just what the customer bought, but why and how they feel about it. Customer care can reach a new, individualized level. How many times have you received a pitch for an up-sale based on a product you didn’t like and aren’t using? Customer care departments now have unlimited ability to do follow-up automatically.

Personalized messages can appear in text or images

Campaigns can be designed that reach e-marketing customers via electronic mail, direct mail, dynamic text or images. For example, a visitor to a multi-function entertainment site may see a personalized message about books on sale which you know, through his tracked behavior, were looked at during the last visit but not purchased. No need to put the books on sale for all customers, just a *reduction to entice this customer to buy at this time*.

When he moves to the CD section of your site, the same visitor may see a message about a new album by his favorite singer (the information achieved by a quick survey on their last visit). Both of these messages can be linked by hypertext to other appropriate e-marketing pages. Visitors can even be led to other related e-marketing sites. This built-in capability to rotate various messages and links gives the e-marketing marketer the ability to collect additional advertising revenue from other complementary businesses. For the campaign, the marketer can schedule all events, event frequencies and the campaign termination date.

It is also possible to schedule events that do not reach entire market segments, but only sample a percent to measure the effectiveness of the campaign. For example, let's say Nike is an advertiser on your site and you have profiles of women who are interested in athletics and children's sports and equipment. When an event takes place in women's sports, such last year's Women's World Cup Soccer Championships, which captured the imagination of thousands of girls in the U.S., Nike decides to run a trial campaign on a piece of equipment used in the finals of the major tournament. By sampling a percentage of their target market, they can analyze the effectiveness of a campaign designed to reach all the target market, make necessary adjustments and then rapidly deploy the entire campaign.

[Show PPT with the following bullets. Title it, "Personalized Treatment"]

In addition to specific product campaigns, successful marketers can schedule, run, track and analyze a variety of programs designed to retain individual customers.

- Incentive promotions
- Online rebates
- Customer retention development
- Trial version testing
- Trade show lead tracking
- Subscription programs
- Joint marketing programs
- Channel/Partner programs. ³

V. An Overview of Campaign Management

The software program that does your measurement, assessment and campaign management, needs to be seen as a Mission Control, providing the functionality to define, set up and schedule all e-marketing campaigns. From a single interface it will be possible to create, launch, schedule, monitor and analyze all of your marketing campaigns. With solid data collection and analysis, you have a clear picture of each customer. You will be able to communicate to customers via e-mail, direct mail, dynamic e-marketing pages, telemarketing and even in-store kiosks.

The cornerstones of which you need to be mindful are these:

[Show PPT with “Usability, Multiple Focused Marketing Channels, Automatic Delivery, Testing, Flexibility, Performance” - in circles around the center which contains the title: “The Competitive Edge”. Create separate PPT for each of them]

Usability

- A low degree of technical ability, featuring intuitive graphical user interface
- Wizard programs for ease of campaign design
- The ability to test market segments before launching a full campaign
- Ease of deployment
- Ability to analyze (quantitative results) every campaign or test
- Single-point of access to customer data – multi-source data integration
- Capability to operate on any OS

Multiple Focused Marketing Channels

- E-mail
- Direct mail
- Dynamic e-marketing pages
- Telemarketing
- In-store kiosk (optional)
- Catalogue sales

Automatic Delivery

- Create, launch, track campaigns automatically
- Organize segment programs automatically
- Create messages and segment automatically
- Schedule all tests and campaigns automatically

Testing

- Be able to test all campaigns effectively and rapidly
- Rapid analysis of test results

Flexibility

- Easily customized and managed e-mail
- Dynamic personalized messages
- Targeted messages
- Rotating alternating messages
- Insertion of messages into alternate pages
- Call center queued calls
- Distribution of e-marketing information and other channel information to telemarketers
- Ability to change any e-marketing or telemarketing on the fly with ease
- Be able to target qualified customers or random sample
- Seamless integration with all the cross-marketing segments
- Real-time monitoring and tracking

Performance

- Scalability
- Compatibility
- Ease of use

VI. Type Specific Information

The application of all we have discussed can be seen in the specific market arenas. We have discussed e-marketing marketing and now let's end with a brief look at how this integration of data affects telemarketing, direct marketing, catalogue sales, email marketing and in-store kiosks.

Telemarketing

Telemarketers benefit from in-depth, cross-market profiling. While speaking with a customer they have available to them a complete profile from the corporate cross-marketing database that tells them about all the customers' preferences, shopping

behavior, interests and what is effective with that specific customer. The availability of this data allows the telemarketer a far better chance for successful marketing. Rather than the shotgun approach of traditional telemarketing, relying entirely on their telemarketing database, callers receive personalized messages and offers which are targeted specifically to them. Assuming the telemarketers don't call at dinner time, the reception is decidedly warmer and the results more positive.

Direct Mail

Using data collected and stored from e-mail campaigns, in-store kiosks, e-marketing purchases and catalogue responses, direct mail is able to design campaigns that are uniquely targeted to potential buyers. This means a higher degree of positive response and a higher percentage of purchasing. Direct mail can also direct customers to e-marketing specials and to campaigns which identify them uniquely. Special sales, based on online behavior, can be offered to those in the Online-Lookers, Offline Buyers variety of visitors. They can also push reluctant buyers into purchases when specific items or groups of items become available at sale prices. For example, if a Web site sends everyone who looked at a specific book but did not buy, a sale notice when that book is about to drop off the best seller list, they can rejuvenate interest and sales. If in-store and online behavior indicates interest, direct mail can clinch a sale.

Catalogue Sales

Response to catalogue sales adds a great deal to the database of observed behavior. Indicated preferences, favorites and repeat purchases information can be combined with the customer profile to allow further marketing through e-mails, direct mail and online offers.

e-mail Marketing

[Show PPT with following bullets]

The advantages of accurate profiles to e-mail marketing can include:

- Accurate targeting
- One-to-one messages for any e-marketing visitor
- E-marketing form pages allowing each visitor to request personalized information through e-mail or dynamic pages
- Notification of special events or special opportunities that are in keeping with their profile.
- Newsletters which include special offers
- Reminder notification of closing dates for sales campaigns

- Surveys in an area of their interest which give advertisers and your company valuable opinions but also provide more information on the preferences of the visitor
- Customer management solutions that include information on their particular purchases, warranties, product notification or recall, satisfaction surveys, etc.
- Personal messages of thanks for purchases made and resulting special discount offers

In-Store Kiosks or Data Entry points

It is even possible to provide in-store kiosks where a shopper can stop on their way into the store, enter their password or name, ask questions about product location within the store, availability of items etc., and receive the latest information on products of interest to them. They also receive notification of sales in which they might be interested, discounts and other promotions which fit their profile, and general offers about sales *this visit only*. And the entire procedure is personalized.

[Show picture of “electronic” Mrs. Lange]

Finally, an electronic Mrs. Lange! Of course Mrs. Lange also welcomes new visitors and offers them the opportunity to register electronically or take a mail-in form, fill it out at their leisure, and return it to the company. And today, for being a new registered customer, feel free to request a 10% discount on any single item in the store!

VII. Conclusion

Good old Mrs. Lange, she knows her customers!

And taking another feather from Mrs. Lange’s cap, a final word about what customer hierarchy is all about. After all, Mrs. Lange could only deal with so many customers at once, so she had to decide how to invest her time.

Again, from the Cambridge Technology Partners – *New Business Ecosystem Report*: “Classifying customers by their value to the enterprise can guide the approach toward relationship building. Not every customer is Premier Class.”⁴

Given a buying history, the concentration of marketing campaigns can be adjusted rapidly. The expense of the relationship management can be kept in proportion to the behavior of the visitor. And purchasing history has always dictated that the more sales, the more loyal the customer. Campaigns can be adjusted, therefore, to offer larger discounts, free shipping or other special services to the newer customer to engage their loyalty. Many of the sites which include free shipping in the months before holidays entice new visitors who become loyal customers. And customers who have been loyal can be rewarded with special programs, class discount arrangements, etc., without offering similar programs to all visitors.

There is of course, no reward for personalization more valuable than knowing the customer responds to individualized care with increased loyalty and continued purchasing.

Technology has placed the Competitive Edge within the grasp of every company doing cross-market selling.

[last PPT images of Mrs. Lange on the phone, in the store, mailing direct mail, holding a catalogue, sending e-mail and putting a promotion up on the e-marketing, with the customer in the middle and arrows from each position of Mrs. Lange to the customer.]

So, in the spirit of the ubiquitous Mrs. Lange, the challenge before you is to develop a way to integrate your data in such a fashion that you can quickly, accurately and knowingly reach each individual customer and customer group with your marketing campaigns.

To do that you need software that integrates and analyzes and then develops campaigns rapidly across all your market channels. Utilizing such a system dramatically improves your business and your ROI.

THANK YOU

Appendix A

Footnotes

1. "Click-Through Rates Down, Ad Spending Up," The San Francisco Chronicle, May 3, 2000
2. "Total Online Spend," Internet Advertising Council, quoted in CommerceNet, "92 Million Adults Online in North America," June 6, 1999
3. "A White Paper – iLux Enterprise Suite," Patricia Seybold Group for iLux, January, 1999
4. "New Business Ecosystem", by Paul McNabb and Mike Steinbaum, Cambridge Technology Partners, Cambridge Information Network, May, 2000