



Developing an Analytically Driven, Integrated Online and Offline Customer Interaction Optimization Solution.

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Are you using online data to enhance your offline retention efforts? Do you enhance your offline analytics with online behavioral data to increase messaging relevance and revenue? Do you leverage your offline customer data and insights to maximize online revenue?

These may seem to be difficult goals to achieve, mainly because online and offline data solutions tend to be disparate. To truly build a complete customer view, you **must** utilize your online analytic solution. The underlying data within it currently drives online insights, but it's time to start using that data, and the power of the online analytic Business Intelligence (BI) solution, within your traditional offline marketing efforts.

This is what was done by ESPN, with the help of CSG's Quaero, and the benefits have proven to easily pay for the effort.

Advantages of an Integrated Solution

The Holy Grail in customer and prospect interaction is to be able to use all available data (online and offline) to determine your customer's true interests and then to be able to seamlessly use those advanced insights in all online and offline interaction efforts.

Simply stated, enhanced communication offers relevance and proper communication timing maximizes customer value. Here are some examples of how a fully integrated solution enhances marketing communication by specific industries:

- **Travel & Hospitality:** Online data allows for pre-identifying potential upcoming trips and significantly enhances current segmentations based on browsing behavior
- **Retail:** A much better understanding of customer's preferences resulting in a more robust needs & behavioral-based segmentation
- **Finance & Insurance:** Track online behavior to better identify timely cross-sell opportunities & pre-movers
- **Content & Service Web Sites:** Harnessing online behavior and developing targetable segments commands increased advertiser CPMs



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A fully integrated solution is not a new idea but very few companies have been able to achieve it. Obstacles have included database and hardware technology that could not effectively support the solution, web analytic systems not focused on the availability of the underlying data, and the division of online marketing and traditional marketing skill sets.

Those obstacles have been whittled away to speed bumps lately. ESPN, as an example, has been able to develop a fully integrated solution, which it calls Fan Relationship Marketing (FRM).

An Analytically Driven Online and Offline Interaction Solution

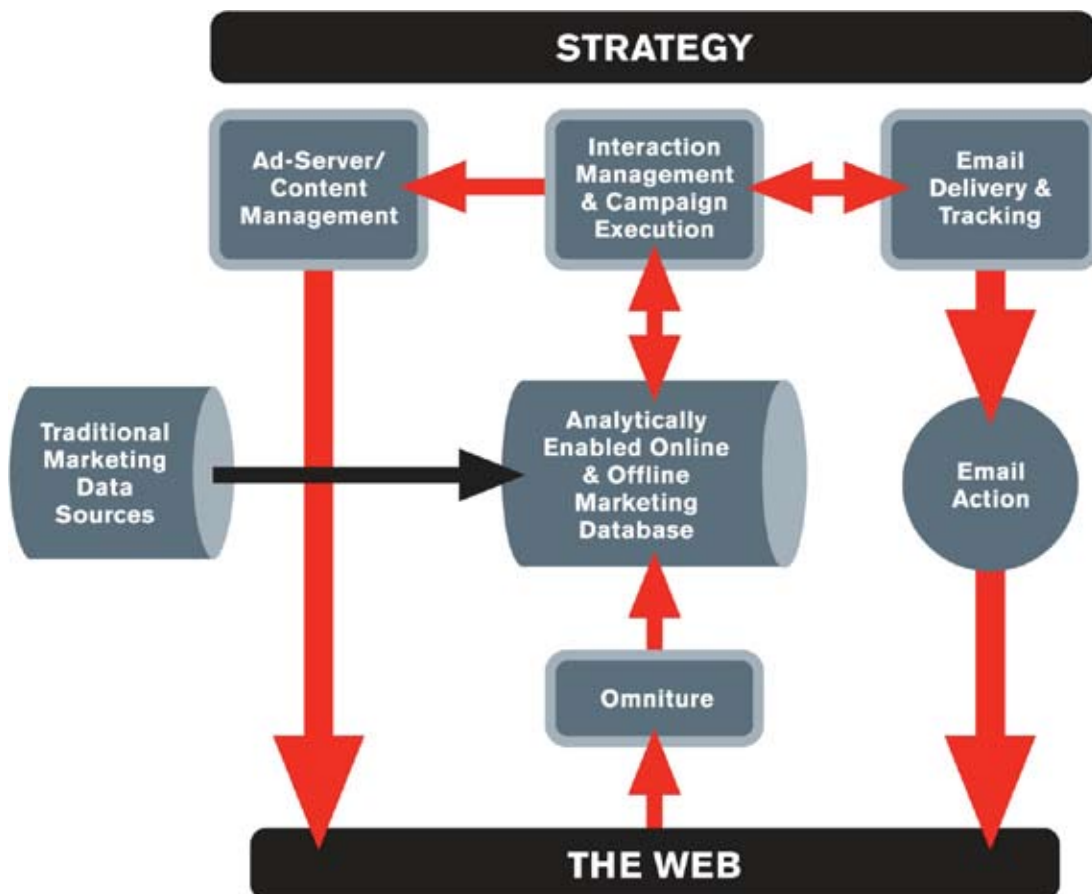
Quaero & ESPN's approach utilizes Omniture's web analytic platforms (SiteCatalyst and Discover2), combining both the online sources and offline sources, to develop the most holistic view of the customer possible. The solution integrates offline data from ESPN The Magazine, ESPN Shop, Rewards Card, and demographics, with all online sources such as pages and video viewed, activity level, ads viewed and clicked, geography, domain, operating system language, etc.

Segmentations and models, based on the integrated database, are then loaded into Omniture data analytic platforms: SiteCatalyst (Omniture's flagship reporting interface) and Discover2 (Omniture's powerful ad hoc querying and segmentation solution) to track customer value and other metrics over time. The integrated database and all the resulting analytics are used to significantly enhance customer & prospect interaction relevance for both inbound and outbound interactions (online, email, call center).

SiteCatalyst provides standard reports that may be distributed regularly to senior management and analytical teams. Discover may be used to track and profile the segmentations and custom models with online data thus enabling the integrated online and offline tracking mechanism.

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ESPN's Fan Relationship Marketing (FRM)

Several online user/fan interactions are sent to the Omniture data collection servers including:

- Page views and link tracking tags on navigation bars
- Tabs and hyperlinks
- Interactive objects including video, audio players and video games

The captured web log data is processed for reporting in SiteCatalyst, while a sample (based on cookies) is used to create a database in Discover2. Additionally, a raw data

file of all online interactions is sent to ESPN and processed by the FRM team. The online data is incorporated with offline data into a marketing database that Quaero maintains to build both registered and anonymous segmentations and models (including a fan value model).

The segmentations, models and custom fan value model are used to classify the online Fans to optimize email and online advertising efforts. A mapping of each unique Fan cookie into its fan value segment and segmentation model segments is then fed back to Omniture. Tracking the online activity of each fan segment thus closes the continuous learning data loop.

So how do you get there?

Here is a general series of steps that any organization should be able to follow to implement a fully integrated marketing database.

Prepare your data. Implement Omniture, tag your online events and configure the online analytic solution. Identify and tag relevant user interactions, compile and evaluate your offline sources and determine which offline sources should be included in this integrated database. If a marketing database already exists, utilize it.

Create the integrated analytic database. Combine your offline and online sources into one analytic database. Some of the critical issues that must be addressed include:

- Merge the online and offline data. One of the easiest ways that may be available out-of-the-box to merge the offline data and online data is user name. Registered user name is typically tracked both in Omniture and offline sources.
- Detailed online event data should be saved but the data also needs to be aggregated into actionable attributes, at a unique customer or anonymous user level.
- Additional useful online attributes may be created including tenure (time since first login), recent online engagement levels (recent activity), change in engagement levels over time and aggregated interests based on actions on the web site.

Develop the analytics. Behavioral data drives robust segmentations and models, and online data is the most powerful form of behavioral data in many environments.



For example, consider the difference between retail store and online store regarding known customer actions and needs:

- **Retail Store:** Only the final purchase is known, and usually only when the customer is involved in a loyalty program.
- **Online Store:** All interests, needs, and timing of those needs are known, because every item the customer browsed, and the time it was browsed, is known.

Regardless of the list of segmentations and models that will be built, one model that should always be built is a customer value model. Customer value provides one the best means to vary communications and track online and offline marketing performance over time. Developing a customer value model, in an integrated online and offline environment, is challenging but well worth the effort.

Leverage actionable analytics online and offline. Integrate the analytics by leveraging the available event and campaign tagging within Omniture and combine those metrics with the analytics. For example, a customer value metric may be tracked by segments of the customer base to understand if online and offline marketing is driving customers up the value tiers. Also, integrate the advanced analytics in all of the inbound and outbound interaction systems.

Integrate the solution components. A seamless online and offline customer interaction optimization solution requires the components to be fully integrated. Those components include Omniture (the web analytic solution), the integrated database, analytics, an intelligent interaction engine, an email solution, a dynamic content engine and an online ad-server. Note that Quaero's suggested solution, in the diagram above, includes all of these elements.

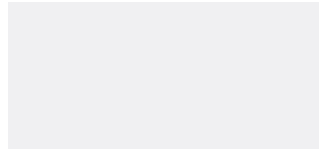
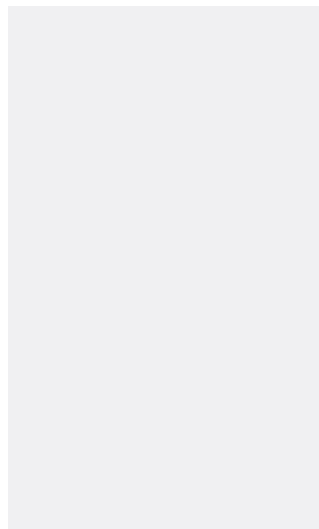
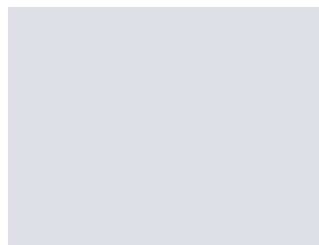
Track Performance. Omniture Discover2 may be used as the primary Business Intelligence solution. Models and segmentations, as well as any other metrics created, may be directly loaded into SiteCatalyst for ongoing performance tracking.

Conclusion

Integrating offline and online databases to improve marketing efficiency and performance is now an achievable goal. ESPN and Quaero have successfully built an effective, optimized database that provides a holistic view of customers and a much more dynamic, measurable marketing program. With the technology obstacles removed, and successful experiences to build upon, we can expect the idea of a fully integrated, analytically driven, customer and prospect interaction optimization system to gain speed quickly for marketers across all industries.



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With more than fifteen years of analytical CRM and risk experience, Roman has delivered value added analytical processes in several industries. His significant analytical, technical and business process experience provides a unique perspective on improving process efficiency and customer profitability. Roman can be reached at LenzenR@Quaero.com.

About Quaero

Quaero, a CSG solution, uses customer intelligence to help clients shift from traditional campaign-driven marketing to real-time, multichannel customer interaction. Quaero experts blend strategy and analytics with performance management and technology to establish dialogues that improve the customer experience while increasing overall customer value.

Headquartered in Charlotte, NC, the Quaero solutions group provides marketing services to category-leading clients within the Financial Services, Pharmaceutical/Healthcare, Travel and Leisure, Media, Consumer and High Tech industries. For more information, call 1-877-570-2199 or visit www.quaero.csgsystems.com.