



F R O S T & S U L L I V A N

*50 Years of Growth, Innovation and Leadership*

# Empowering Real-Time Customer Engagement: Fishing for a Prized Catch

A Frost & Sullivan  
White Paper

---

[www.frost.com](http://www.frost.com)

<b>A New World Reality .....</b>	<b>3</b>
<b>A Personalized Journey.....</b>	<b>3</b>
<b>As Current as the Tick of a Clock.....</b>	<b>4</b>
<b>Choosing the Right Bait and Tackle.....</b>	<b>4</b>
<b>Riding the Wave.....</b>	<b>5</b>
<b>Online Customer Experience Management in Action .....</b>	<b>6</b>
<b>...But You Should Have Seen the One that Got Away .....</b>	<b>7</b>

## A NEW WORLD REALITY

---

In the world of digital marketing and eCommerce, milliseconds count. The time that it takes for a visitor to find a site, to form an opinion of whether or not it meets their expectations and then to commit to or bounce off the site can be very quick. That once-in-a-lifetime opportunity to capture a visitor's interest and guide them to a desired outcome is short-lived. As companies invest ever more in the online channel, in search engine marketing, in social media and mobile marketing, and in the programs that can validate their efforts, such connections can still be lost in the blink of an eye.

When the success or failure of consumer engagement moves at such a pace, old marketing rules no longer apply. And while companies may yet deploy multiple touch-point marketing campaigns—including traditional offline advertising—it is the online channel that generates the immediate and intimate connection that today's consumers demand. It is also the online channel that allows for precision measurement and analysis of virtually every single performance variable on a website. This has created rich opportunities for companies looking to optimize their engagement with online consumers.

Today's online consumer is also increasingly sophisticated and expects an equally sophisticated and engaging eCommerce experience. They not only expect to be able to research brands, companies and products on their mobile devices, on social networks, and on everything in between, but they also expect companies to provide them with a personalized shopping experience, anytime, anywhere, on any device. In this new world reality, if a brand is unable to provide the interactive and engaging experience today's online consumer demands, there is an ocean of alternative options just one click away.

To capitalize on this new paradigm and reel in more potential customers, companies need new tools, processes, knowledge workers, and metrics-driven cross-channel digital marketing programs just to keep up. Data-driven marketing requires eCommerce companies to commit to the difference between casting random lines and planning, targeting, and using particular bait known to bring in a rich haul of new and loyal customers. In today's global market, there's no prize for second place; the game is on.

## A PERSONALIZED JOURNEY

---

A key component of customer satisfaction is the customer experience, which builds brand equity and customer loyalty—two critical factors for any business to build sustainable success. For too long, the online marketplace has been plagued by the perception that the level of personalization experienced through a face-to-face interaction cannot be replicated through an online experience. In today's world, that couldn't be further from reality.

The digital marketing channel offers the opportunity to build long-term customer relationships unlike any other medium. Marketing automation and Web analytics tools can capture key site visitor attributes and behavioral information, score that data, build a comparative understanding of that consumer's intention, and populate a customer relationship management database.

If a visitor is a returning visitor or existing customer, not only is their existing customer data continuously enriched, but their preferences and messaging can be recalled from previous visits, enabling the delivery of a Web experience that is uniquely their own. Advanced online analytics systems can correlate and connect visitor data and engagement records across multiple devices and networks, including social, mobile, and all other forms of over-the-top outreach. This rich visitor data can help site managers deliver increasingly personalized visitor experiences.

### **AS CURRENT AS THE TICK OF A CLOCK**

---

As important as personalization is, building on relationships after first contact is not as productive as doing so in real time. Today's digital marketing tools allow for the ability to capture visitor behavior, preferences, and intent in real time. This empowers companies to adapt the presentation of their content for the user within a single session—while they're still engaged—as opposed to after the fact. Real-time personalized online experiences have been proven to increase conversion rates, average order value, and deal closures. Akin to having a personal sales representative in a brick-and-mortar store, these tools allow companies to be dynamic, evolve in real time, and provide a guided and personalized selling approach.

For example, a new site visitor on a financial institution's page may demonstrate behavior that indicates a primary focus on retirement accounts. While the visitor is still on the site, page content can be adapted to showcase retirement account information for that visitor, including terms and/or local branch information specific to their needs. Similarly, if the visitor reaches the point of opening an application and abandons the page, they can be reengaged with information that can alleviate concerns or provide alternative contact information—the local branch or a phone number—through which they can complete a transaction. In that case, personalization assisted the visitor at multiple points on the site based on their individual needs, and in the end, the financial company better retained a customer that would have otherwise walked away at the point of commitment.

### **CHOOSING THE RIGHT BAIT AND TACKLE**

---

If being able to personalize an experience is the bait, and being able to do so in real time is the rod and reel, being predictive equates to knowing where the fish are actually biting before casting a line.

As companies learn to target customers with real-time personalized experiences, they gain the ability to be smarter in how they mine that information and apply it going forward. Marketers and sales executives have always wanted to know their customers better in order to more easily predict their intent and engage with them more effectively. Today, as never before, digital marketing solutions provide the market with the critical tools that bring us closer to that level of understanding. Using analytics to measure and understand customer behavior allows for a high degree of predictive precision. Smart companies look at the intelligence behind their customer data and use it to anticipate a buyer's motivation.

As examples of benchmarks for the online marketing industry, Amazon and Netflix use visitor interactivity data, profiles, and past preferences to predict likes and dislikes, and market individually targeted purchase recommendations to their customers. Another example is where telecommunications companies mine customer behavioral data to better predict when customers are at highest risk of changing carriers and delivering messaging designed to improve retention. The success of these programs can be replicated across many different use cases in a digital marketing environment. To not channel the wealth of customer information online companies have toward becoming more proactive, agile, and engaging is neglecting an obvious opportunity and leaving money on the table.

## RIDING THE WAVE

---

Heading out to where the fish are known to be biting with adequate fishing gear is good, but the scale of the ocean can also be overwhelming. According to Internet World Stats, as of June 2012, there were 2.4 billion Internet users globally (representing more than 34 percent of all of humanity and a 556 percent growth rate from 2000 to 2012) and add to this Frost & Sullivan's research, there are 1.5 billion smart phone users globally. In this scenario, the ability for any company to grow using an online platform is unprecedented. To enable that growth, scalability and the ability to engage with the maximum possible potential and existing customers is business-critical.

The Internet has enabled the democratization of the global marketplace. For the U.S. market alone, the U.S. Census Bureau reports that in the third quarter of 2012, eCommerce accounted for nearly \$57 billion in retail sales. eCommerce continues to grow in a clear upward trajectory, both in yearly revenue and in relative percent of overall commerce, on a global scale. It is the channel for 24/7 commerce, for global reach, for connecting with consumers, and for building those relationships. The floodgates are open, the market has shifted and the changes are permanent; old-world marketing is now like Atlantis: forever under water, sleeping with the fishes.

Today's Internet marketer is more often than not tasked with deploying and measuring the effectiveness of several simultaneous marketing campaigns across multiple platforms. The ability to apply a single digital marketing campaign across all of these platforms and to manage the resulting data in real time necessitates analytics programs that can scale to virtually any breadth, depth, and size.

## ONLINE CUSTOMER EXPERIENCE MANAGEMENT IN ACTION

The Orvis Company, a leading outdoor clothing and supplies retailer, wanted to better engage with its customers and improve their online shopping experiences. Although its website offered 4,400 different products, the ability to identify customer intention and actively respond to it with appropriate products was not possible. Digital analytics and real-time personalization enabled Orvis to save resources while improving site performance.

Orvis worked with an analytics vendor to implement a sophisticated product recommendation tool based on visitor attributes and behavior; self-learning systems; and crowd-sourced, aggregated intelligence, as well as flexible rules-based criteria and an intimate understanding of their customers. Orvis deployed a system through which different recommendation styles based on individual shopper preferences, product categories, prices, inventory, and relevance were taken into account. By doing so, they could now offer alternative shoe choices on the shoe page, and matching hats, gloves, or socks at the check-out page, among other visitor-specific actions.

As a result, Orvis was able to increase its recommendation-generated revenue by 70 percent, drive up overall sales and customer average order value, and clearly improve customer satisfaction. The evolution of the Orvis website through the application of real-time analytics and personalization has been an irrefutable success.

For more information about Orvis's experience with personalization, please visit <http://public.dhe.ibm.com/common/ssi/ecm/en/zc03053usen/ZC03053USEN.PDF>

## ...BUT YOU SHOULD HAVE SEEN THE ONE THAT GOT AWAY

Today, the success or failure of a marketing campaign can be measured at the level of individual consumers, individual experiences, engagement and, ultimately, individual conversions. As Figure 1 demonstrates, the process of improving a consumer's Web experience is a continuous cycle of iterative changes and performance feedback.

**Figure 1**



Source: Frost & Sullivan analysis

Advanced analytics, data and marketing programs enable companies to engage with and draw in consumers at a level of precision never before seen. Companies that committed to the online channel have seen it become ever more creative, competitive, and data-driven, while also becoming increasingly indispensable. Though the technology is available today and the concepts discussed in this analysis may sound intuitive, actual implementation is complex.

The fact is, human behavior itself is complex and the ability to understand it will always be challenging. But we are at a period in history where through the power of the Internet, we now have the ability to start deriving meaning from these interactions in an online environment. Understanding it remains complex, but it is no longer daunting.

As shown in this paper, online analytics programs offer more than the precision measurement of how an online ad, page content, and even site structure impacted a site visitor's engagement, journey, and likelihood of conversion in real time. That same data can be turned around to construct personalized and targeted engagement campaigns, which have been shown to form lasting and secure connections with customers.

There are multiple variables in the equation that lead to an advanced predictive marketing model, including capturing data and scoring intent, delivering personalized and real-time content adaptation, and scaling a marketing campaign to virtually any size and depth. There is tangible evidence that each of these improves eCommerce performance; the combination of these is a synchronous and vibrant digital marketing program that redefines eCommerce.

While there may not be a “one-size-fits-all” solution, particularly as customer use-cases differ greatly across digital marketing programs, the challenge is to find the best fit solution that can easily integrate customer insight with real-time engagement and scale to virtually any need. Frost & Sullivan anticipates that in an intensely competitive environment, companies cannot wait out market innovation and very real shifts. To remain viable, these digital marketing components are a “must have.” Today, everyone should be doing this, lest be a fish out of water.

**Silicon Valley**

331 E. Evelyn Ave. Suite 100  
 Mountain View, CA 94041  
 Tel 650.475.4500  
 Fax 650.475.1570

**San Antonio**

7550 West Interstate 10, Suite 400,  
 San Antonio, Texas 78229-5616  
 Tel 210.348.1000  
 Fax 210.348.1003

**London**

4, Grosvenor Gardens,  
 London SW1W 0DH, UK  
 Tel 44(0)20 7730 3438  
 Fax 44(0)20 7730 3343

877.GoFrost • [myfrost@frost.com](mailto:myfrost@frost.com)  
<http://www.frost.com>

**ABOUT FROST & SULLIVAN**

Frost & Sullivan, the Growth Partnership Company, works in collaboration with clients to leverage visionary innovation that addresses the global challenges and related growth opportunities that will make or break today's market participants. For more than 50 years, we have been developing growth strategies for the Global 1000, emerging businesses, the public sector and the investment community. Is your organization prepared for the next profound wave of industry convergence, disruptive technologies, increasing competitive intensity, Mega Trends, breakthrough best practices, changing customer dynamics and emerging economies? Contact Us: Start the Discussion

For information regarding permission, write:

Frost & Sullivan  
 331 E. Evelyn Ave. Suite 100  
 Mountain View, CA 94041

Auckland

Bahrain

Bangkok

Beijing

Bengaluru

Bogotá

Buenos Aires

Cape Town

Chennai

Colombo

Delhi / NCR

Detroit

Dhaka

Dubai

Frankfurt

Hong Kong

Iskander Malaysia/Johor Bahru

Istanbul

Jakarta

Kolkata

Kuala Lumpur

London

Manhattan

Mexico City

Miami

Milan

Mumbai

Moscow

Oxford

Paris

Pune

Rockville Centre

San Antonio

São Paulo

Seoul

Shanghai

Shenzhen

Silicon Valley

Singapore

Sophia Antipolis

Sydney

Taipei

Tel Aviv

Tokyo

Toronto

Warsaw

Washington, DC