

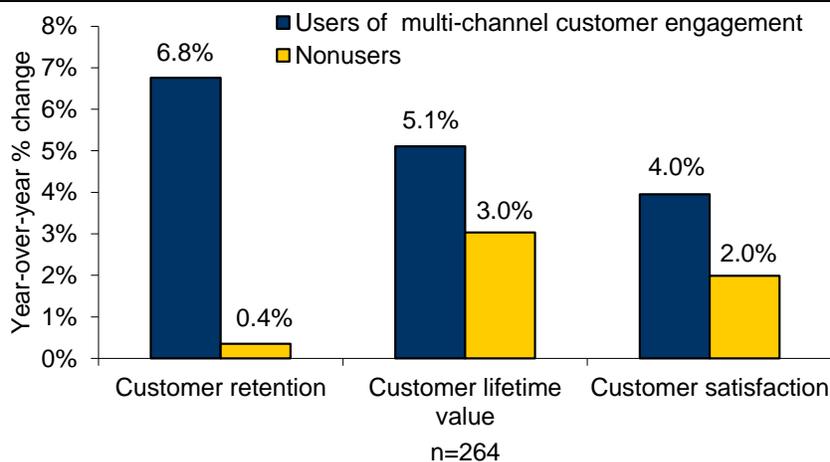
February 2012

Multi-Channel Digital Marketing: Addressing the Why's and How's to Achieve Success in the New Era of Customer Engagement

Aberdeen's January 2012 *Customer Experience Management: Using the Power of Analytics to Optimize Customer Delight* research shows that more than 56% of all companies with active customer experience management (CEM) programs use at least five channels (e.g. web, social and email) for their client-facing activities, including digital marketing programs. Building strong brand equity and maintaining consistency of brand image are the main pillars of these activities. In an environment where clients might use multiple touch-points to interact with businesses, the company brand serves as the glue providing a consistent experience regardless of the specific channel(s). Findings from this study validate the importance of brand equity; 57% of companies with multi-channel customer engagement programs (see sidebar) cite improving brand awareness / strength and relevance as the top goal driving their customer-oriented business activities.

This Aberdeen Analyst Insight highlights the value and strategic deployment methods of multi-channel customer engagement programs (i.e. marketing) that use digital channels. Findings will demonstrate the business value of this approach to building stronger brand equity, as well as improving customer relevance through contextual interactions (targeting the right customer with the right content at the right time), resulting in improvements in Key Performance Indicators (KPIs) such as customer retention rate and customer lifetime value - as shown in Figure 1.

Figure 1: Year-over-Year Performance Improvements



Source: Aberdeen Group, November 2011

Analyst Insight

Aberdeen's Insights provide the analyst perspective of the research as drawn from an aggregated view of the research surveys, interviews, and data analysis

Definitions

- √ For the purposes of this paper, Aberdeen defines companies with multi-channel customer engagement programs as businesses using four or more digital channels (e.g. social, mobile, web and email) to interact with their clients.
- √ In the context of this paper, the term "channel" is used to refer to individual mediums of interaction (e.g. email, web and social) companies use to engage with their clients.

Performance Impact

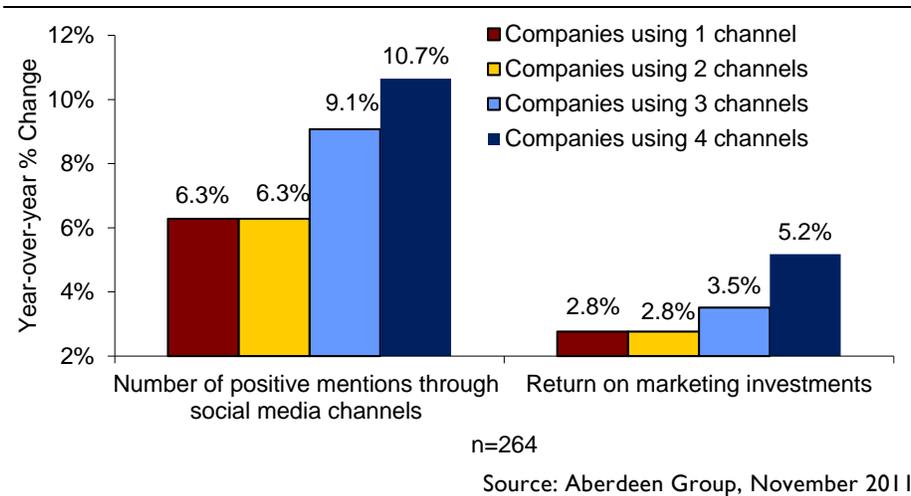
As illustrated in Figure 1, research findings reveal a stark difference in how companies with multi-channel client engagement programs fare in comparison to all others on key customer-related metrics. These companies improve customer retention far more than all others on a year-over-year basis. They also double the year-over-year improvement in customer satisfaction results, compared to companies without multi-channel account management.

When asked about the most valuable metrics to measure the results of their customer experience management initiatives, more than 65% of respondents within this study indicated the measures in Figure 1 were essential to determining the effectiveness of client interactions (see sidebar). This affirms the value of multi-channel client engagement programs to businesses looking to improve crucial KPIs.

In addition to the performance findings above, research shows that leveraging multiple channels increases the opportunity to improve campaign participation and conversion rates of digital marketing programs. Businesses in the August 2011 [Metric-Driven Mobile Marketing: Increase Marketing's Revenue Contribution](#) report that use three or more channels achieved 48% better (18.3% vs. 12.4%) year-over-year results in the number of unique visitors to their websites. These companies have also enjoyed 1.9% year-over-year improvement in click-through rates, compared to 0.3% year-over-year decline for companies that are using less than three channels. For a company that sends 100,000 digital marketing messages, this means an incremental 2,200 target constituents clicking through the marketing messages, some of which might eventually purchase products/services.

When the number of channels a company uses to engage with customers is correlated with their performance results, a compelling pattern emerges - Figure 2.

Figure 2: More Channels = Better Results



Importance of KPIs

When asked about the importance of specific performance measures, the following were indicated by all companies as the most valuable KPIs to assess the effectiveness of their CEM programs;

- ✓ Customer retention: 85%
- ✓ Customer satisfaction: 81%
- ✓ Customer lifetime value: 65%

As shown in Figure 2, there is a direct correlation between the number of channels used to engage clients and performance improvements in customer retention, Return on Marketing Investments (ROMI) and even the number of positive mentions through social media channels, a key indicator of brand awareness and strength within the social channel. These results indicate that, when implemented appropriately, the use of multiple channels helps companies improve their business results.

Best Practices in Multi-Channel Customer Engagement

The performance results above don't simply happen when new channels are added to the existing mix. Before implementing a multi-channel customer engagement program, companies should determine the business processes and technologies required to integrate multiple channels harmoniously.

Below is a set of key business processes to support a multi-channel strategy:

- **Create brand / product evangelists.** This organizational capability is linked to socializing positive customer experiences. While this process is generally focused on social media channels, the organization can encourage loyal customers to be advocates of a company's brand and / or products in any channel, including web, social, mobile, print, and in-store. Customer advocates are clients who testify to their networks on the pressures / needs they've addressed and the results they've gained using a company's products or services. Companies unlock the door to clients' minds and hearts by building positive brand perceptions, and there is no better way to do this than by using satisfied customer advocates. For example, when making online purchases on websites such as Amazon or eBay, consumers check product ratings and reviews to learn about product features and benefits; such information by other users might eventually impact their product and brand perceptions, and determine their purchase decisions. Research findings reveal that companies with customer advocacy programs achieve stronger year-over-year increases in revenue from customer referrals (4.1% vs. 2.3%) and 27% greater Net Promoter Scores (36% vs. 28%) - see sidebar. Data indicates that this capability is deployed 62% more frequently (60% vs. 37%) by companies with a multi-channel customer engagement initiative than those without.
- **Build a multi-channel customer feedback mechanism.** To improve brand awareness and strength, a company must first understand how customers perceive their brand. One of the most effective means to capture such information is to ask and listen to the clients' feedback. Feedback provides more information than just consumers' perception of the company, its brand, or its products; it provides valuable insights into the needs and wants of the customer. Three out of four companies with a multi-channel strategy integrate such a feedback mechanism within their activities through different client touch-points, including channels such as mobile, social and web. Companies adopting this business process as part of their CEM

Definition

Net Promoter Score* (NPS) is a measure used to assess the likelihood of a company's customers to recommend its products/services to others.

* Net Promoter Score is a registered trademark of Fred Reichheld, Bain & Co and Satmetrix

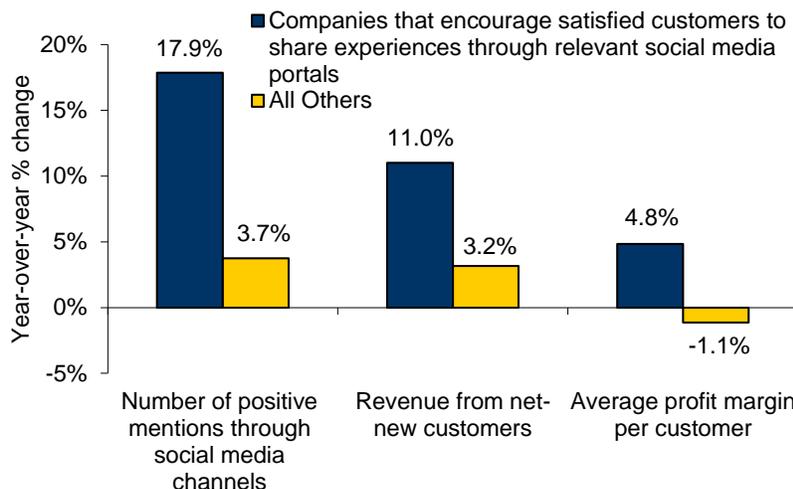
activities increase their revenue two times more year-over-year (14.2% vs. 7.5%) than all others. It's important to note that adoption of this process alone is not proposed as the sole cause of this improvement in company revenue; rather, Aberdeen's data indicates a correlation between the capture and use of customer feedback data and improvements in company revenue.

- Encourage satisfied customers to socialize their experiences.** Aberdeen's March 2011 research, *Social Media Connecting B2C Companies with Generation Y and Z Consumers*, found that regardless of their target consumer's age, businesses are planning to increase their spend on social media. This finding reflects the growing importance of social media channels in connecting businesses with their target customers. Data from this study shows that companies with multi-channel customer engagement programs in digital environments are 2.5-times more likely to determine who their satisfied customers are, and then encourage them to share their experiences about the company's products or services with their friends, family and colleagues across numerous social networks (e.g. Twitter and Facebook). In today's marketplace, where consumers can use numerous mobile devices to access their social networks, this information exchange happens faster than ever before. The impact of such social word-of-mouth marketing programs manifests in a performance measure that is top mind to most marketers and CXOs - ROMI. Sure enough, organizations that encourage their customers to share their experiences through social media platforms achieve more than two-times the return (18% vs. 8%) on their marketing efforts.

"We were able to identify plenty more business opportunities by simply increasing our focus on listening customers."

~ Sales and Marketing Manager,
Mid-size Software Company
based in the U.S.

Figure 3: Socializing Customer Experiences Improves Year-over-Year Results



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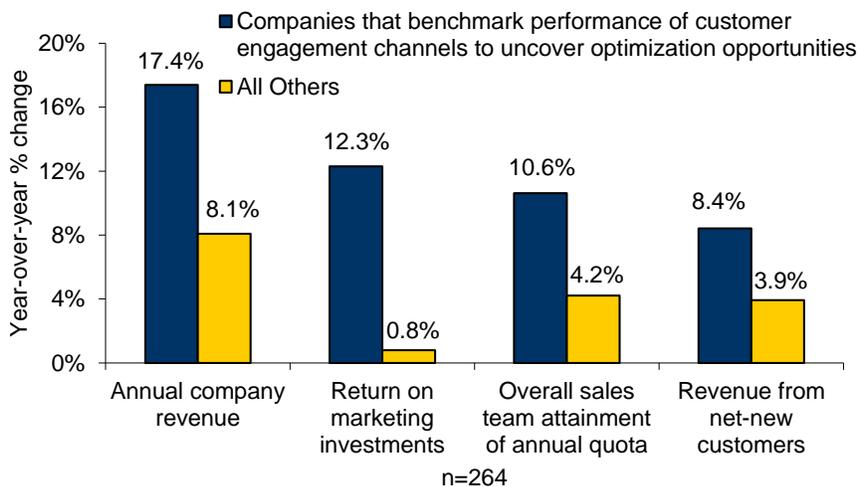
Source: Aberdeen Group, November 2011

- Measure, measure, measure.** The maxim, "You can't manage what you don't measure," applies very well to customer management programs deployed across multiple digital channels. Determining KPIs to measure and understand the impact of each client interaction is critical to providing much-needed visibility into the effectiveness of each activity. Considering the complex web of customer touch-points within the scope of a multi-channel CEM program, the importance of determining the specific impact of each activity becomes greater. For example, consider a client who is contacted as part of an outbound call center campaign within a marketing program; the customer then goes on the website to make a purchase and eventually requires the product to be serviced. For the organization to identify how the three unique touch-points contributed to this particular customer's experience at each phase, it must measure the effectiveness of each interaction. By doing so, the company gathers the necessary information to understand how each interaction contributed to the overall business results and customer experience. Companies using multi-channel client engagement programs are 25% more likely (71% vs. 57%) to have established such KPIs in their pursuit of continuous improvements. It is important, however, to note that these KPIs should be relevant to each interaction. For example, marketing can be evaluated by measures such as lead generation or conversion rates, whereas sales can be evaluated by quota attainment and cross-sell and up-sell results, and service can be evaluated by customer satisfaction and first-call resolution rates. Measuring these KPIs also allows companies to benchmark the results of each customer interaction across numerous channels. Figure 4 below illustrates the benefits of measuring and benchmarking digital channel performance.

"Through deploying our CEM program, we now have a greater and in-depth understanding of our customers, their purchase trends and what they expect from us."

~ Director of Marketing at
Mid-size Health / Medical /
Dental Devices Company based
in the U.S.

Figure 4: Benchmarking Channel Performance Improves Year-over-Year Results



Source: Aberdeen Group, November 2011

Using Technology to Drive Targeted Engagement

In addition to the business processes noted above, a successful multi-channel customer engagement strategy requires integrating several technology tools to synchronize engagement activities through digital channels. Table I illustrates a list of technologies that enable personalized client interactions.

Table I: Key Technology Enablers for a Multi-Channel Program

Technology Tools	Users of Multi-Channel Customer Engagement	All Others
Social media marketing / monitoring	84%	42%
Web analytics	79%	50%
Web content management	78%	46%
Self-service tools to enable customers to help themselves	62%	30%

Source: Aberdeen Group, November 2011

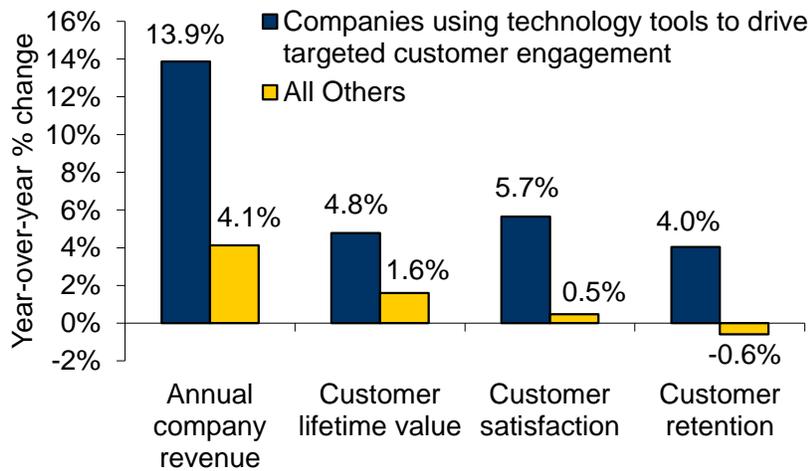
The technologies illustrated in the above table offer organizations crucial tools to monitor and capture customer experience information, store it across the enterprise system(s) and use this data to power personalized engagement through content and messaging. Social media marketing / monitoring and web analytics capture key insights on each account through a company's websites and social media portals. Web content management tools allow companies to use this information to provide relevant web experiences for each client. Self-service tools use the information within a customer database, in coordination with client queries, to help customers help themselves, based on information captured in a company's knowledge base.

With web content management tools, it is important to note that consumers are increasingly accessing web content through mobile devices. The ability to render web content appropriately on these mobile devices remains a key challenge for most organizations using mobile as a customer interaction channel. In fact, Aberdeen's January 2012 [The Business Value of Adapting Web Content for Mobile Devices](#) report shows that 51% of all companies with mobile marketing activities are challenged with adapting web content for the mobile web. The findings from this [research](#) also reveal that companies which have successfully met this challenge are more than twice likely to use content management tools to adapt their web content for numerous mobile platforms and devices.

Companies using technology tools (e.g. web analytics and web content management) to drive targeted engagement are 2.8-times more (31% vs. 11%) likely to be able to track, measure and report the impact of digital

content on customer behavior and marketing activity results. Data also shows that companies using these tools enjoy 26% greater (64% vs. 51%) customer retention rate, compared to those that do not. Figure 5 below illustrates several other performance measures where using these technologies helps companies drive year-over-year business results.

Figure 5: Technology Tools Drive More than Targeted Engagement, they Drive Results



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Source: Aberdeen Group, November 2011

Case in Point - People's United Bank

People's United Bank founded in 1842, is the largest independent bank headquartered in New England. Increasing consumer adoption of new technologies (e.g. social and mobile) has pushed the company to determine and use the most relevant channels to engage with clients. The company was also focused on automating digital customer interactions through multiple channels to engage clients in a timely and personalized manner. As a result, it adopted a multi-channel customer engagement program to automate and increase the number of opportunities to engage customers through digital mediums. "We see a direct correlation between customer profitability and the number and type of channels used to engage customers," says Scott Hurlbert, VP, Online Services at People's United Bank.

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~ Scott Hurlbert, VP, Online Services, People's United Bank

One of the main pillars of the company's multi-channel customer experience programs is capturing customer feedback on a regular basis. Clients are surveyed on a monthly basis in order to capture insights into the company performance in creating satisfied customers. Hurlbert adds, "Capturing timely feedback from our clients helps us personalize our services." People's United uses a mix of technology tools, including web content management and web analytics to enable customizing their digital marketing messages based on its target audience. The company also sees a link between

personalized interactions and social word-of-mouth. For example, it recently launched a digital marketing campaign where it promised each participant that it would plant a tree to support the environment as a part of a Go Green eStatement campaign. Measuring the activity results of this campaign revealed that participants were creating a digital connection between this campaign and their social networks, resulting in new customers as well as improved brand awareness.

In order to understand the adoption and effectiveness of individual channels, People's United measures overall response rates of all digital client engagements, regardless of channel. It uses a mix of activity-level metrics (e.g. open rates and click-through rates) as well as abandonment rates to assess the effectiveness of each channel. This information is then used to benchmark the adoption and effectiveness of these channels against industry standards.

The multi-channel customer experience activities in People's United Bank have proved their impact on business results. Using multiple channels, including digital, to provide customized services to clients helped the company accomplish significant improvements in its marketing conversion results. Furthermore, it achieved superior customer satisfaction and increased customer profitability as a result of these initiatives. "Looking ahead, our goal is to ensure we work efficiently towards our core strategy; serving our clients through the most relevant channels in a personalized manner," concludes Hurlbert.

Required Actions

The rapid changes in the technology landscape have empowered today's customers with a plethora of tools to access and share information. This provides a setting where a client might receive an Short Message Service (SMS) to their mobile device about a promotion, use social platforms to ask networked friends about their thoughts on the product, use their tablet device to access the company's website or mobile app for more information, and eventually make a purchase through the website, in store or on the phone - all of which are integrated pieces of a multi-channel client interaction that defines today's customer management programs. Aberdeen recommends the following actions to companies looking to spur potential improvements through multi-channel customer engagement initiatives:

- **Define and map the flow of customer interactions across the organization.** The foundation of a customer-centric mindset is the understanding of each unique customer touch-point. As the number of digital channels a company uses to manage customer relationships increases, so does the number of touch-points. To control multi-channel client interactions while creating a consistent brand message and perception, businesses need to determine and map how each touch-point at each channel are connected. While this might prove to be a tedious task for large organizations, the benefits far outweigh the effort. Data provides an interesting

"Simply collecting data is not sufficient; what's more important is providing insights based off of this data to the rest of the organization. We support each stakeholder with relevant view of customer data based on their unique needs.

~ Joyce Maroney, Senior
Director of Customer
Experience Management and
Service Marketing, Kronos

correlation between this activity and performance results; companies that map their client interactions achieve dramatically higher year-over-year improvement in their annual company revenue compared to those that don't (15.5% vs. 6.4%) - this should be a compelling signal of the importance of this effort to the C-suite.

- **Establish a single view of each customer.** Aligning the activities of all customer-facing functions through a single source of account information is the second top strategy in Aberdeen's January 2012 [CEM](#) research (tied with creating customer-centric content). Ironically, 61% of the businesses with this strategy remain challenged by inconsistent and inadequate views of customer data. Solving this problem is crucial, as the consequences of incorrect or irrelevant customer information might cause businesses to deliver conflicting messages through different channels, resulting in loss of customer satisfaction and brand consistency, and even litigations. Aberdeen's September 2011 [Leveraging the 360 Degree Customer View to Maximize Up-Sell and Cross-Sell Potential](#) research provides a practical guideline for how companies can establish a single view of each customer: 1. Ensure views of customer data can be customized at the individual level without IT support; 2. Track customers' activity more aggressively to determine changes; 3. Integrate multiple internal data repositories.
- **Measure the results of each interaction.** Establishing a performance management process to monitor how each client engagement leads to business results allows companies to understand the true business value of these activities. This process also lets organizations determine their strengths, and potential areas of improvement, by understanding how each customer-facing activity (e.g. marketing campaigns, sales calls or service requests) contributes to overall organizational results. In the context of multi-channel client engagement initiatives, measurement helps companies understand how each piece of the puzzle fits together. Regular review of these results allows companies to spot potential hazards to their account relationships, brand image, and financial health before they occur.
- **Use technology tools to support targeted engagement.** As noted above, technologies such as web analytics or web content management can help build personalized multi-touch, multi-channel customer management programs. In addition to the findings illustrated in Figure 5, research shows that businesses using technology tools to drive targeted engagement achieve 27% greater (64% vs. 51%) performance on customer retention and loyalty, compared to those that are not using these tools. While this doesn't indicate that the use of these tools alone drive these results, it reveals a clear correlation between the use of these technologies and better performance accomplishments. Considering that 45% of

all organizations using these tools have annual revenue of less than \$50 M, the data indicates that these technology tools can be deployed by all businesses, regardless of size.

For more information on this or other research topics, please visit www.aberdeen.com

Related Research	
<p><u><i>Customer Experience Management: Using the Power of Analytics to Optimize Customer Delight</i></u>; January 2012</p> <p><u><i>The Business Value of Adapting Web Content for Mobile Devices</i></u>; January 2012</p> <p><u><i>The New Mobile Marketing Imperative: Measuring What Matters</i></u>; October 2011</p> <p><u><i>Leveraging the 360 Degree Customer View to Maximize Up-Sell and Cross-Sell Potential</i></u>; September 2011</p>	<p><u><i>Metric-Driven Mobile Marketing: Increase Marketing's Revenue Contribution</i></u>; August 2011</p> <p><u><i>Social Media Connecting B2C Companies with Generation Y and Z Consumers</i></u>; March 2011</p> <p><u><i>Email Marketing: Customers Take It Personally</i></u>; December 2010</p> <p><u><i>Marketing Asset Management: It's More than Just An Image</i></u>; November 2010</p>
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