

People-Focused Marketing At The Speed Of Today's Connected Consumers

Engage your Audience with Real-Time
Context and Relevance

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Executive Summary

Customer attention is more fragmented than ever. The growth of opportunities for customers to interact with brands has led them to even higher expectations of being treated as individuals. At the same time, the convergence of ad tech and marketing technology is rising to meet freshly set expectations by delivering more coherent solutions as customers move through their life cycles. To prepare, companies must adopt a customer-obsessed mindset and have a people-focused marketing approach to deliver consistently relevant and valuable interactions across all touchpoints, to stay ahead of competitors and new market entrants.

People-focused marketing is defined as interactions with individuals through real-time calibration across the entire marketing stack to customer and business needs. And, at the same time, closing the loop on attribution and insights to influence marketing strategy more broadly.

Technology partners are seeking to support their clients by delivering real-time interaction management (RTIM) suites that serve as a contextual marketing engine. These RTIM suites include systems of engagement to simultaneously serve customers and meet marketing goals. The tools promise to help marketers create more meaningful context for customer interactions. Today, the space is still emerging, and marketers have to tie together a fragmented array of enterprise marketing technologies, advanced analytics that cover a holistic breadth of customer touchpoints, online personalization tools, and recommendation engines.

Forrester defines RTIM as enterprise marketing technology that delivers contextually relevant experiences, value, and utility at the appropriate moment in the customer life cycle via preferred customer touchpoints.

In December 2015, Criteo commissioned Forrester Consulting to evaluate approaches to marketing personalization. Then to further explore this trend, Forrester developed a hypothesis that tested the assertion that while the customer targeting space has evolved in the past few years, including technologies that enable probabilistic and deterministic matching, real people-focused marketing still does not exist today.

In conducting a survey with 100 business leaders, supplemented by six in-depth interviews, Forrester found that companies are moving forward with cross-device personalized marketing capabilities, but real person-based marketing is still a work in progress.

KEY FINDINGS

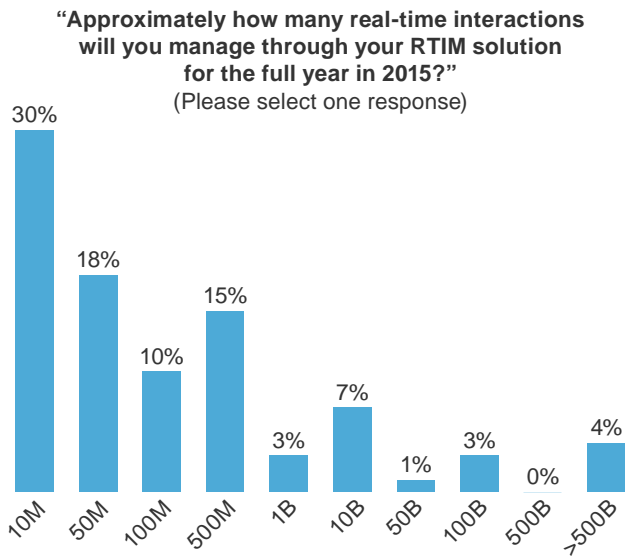
Forrester's study yielded three key findings:

- › **Personalized marketing is a new requirement, but people-focused marketing is still elusive.** A proliferation of customer touchpoints and raised customer expectations require competitive marketers to become more people-focused in their marketing efforts. Nearly three-quarters of marketers are adopting personalized marketing efforts today, but they still lack confidence in running critical aspects of people-focused marketing programs.
- › **Marketers struggle with effectively navigating customer matching methodologies and integrating omnichannel touchpoints in real time.** Marketers face challenges in effectively applying customer matching methodologies across their digital programs. Even those marketers who have adopted programs that let them personalize digital marketing campaigns, struggle to extend these capabilities to offline touchpoints. The need to perform these tasks and affect marketing decisions in real time adds to the difficulty marketers face.
- › **Marketers play a key role in ushering in the era of people-focused marketing.** They should focus investment on solutions that have cross-channel RTIM capabilities in their technology road map. Vendors can best support your people-focused marketing efforts if they provide a holistic view of your customer, track personalization efforts back to bottom-line business metrics, deliver customer matching using transparent methodologies, and offer stringent privacy safeguards.

Current State: Marketing Technology That Leverages Customer Data Is Now Essential

The days when marketers could get away with siloed, campaign-driven approaches to marketing programs are over. Customers expect brands to rise above the fray of marketing messages by delivering personalized experiences powered by the customer data. Effectively harnessing data is getting more and more complex, however, as the number of customer interactions is exploding. Nearly 20% of enterprise companies' reference environments serve up more than 1 billion annual interactions, as of the midpoint of 2015 (see Figure 1).

FIGURE 1
Customer Touchpoints Are Proliferating



Base: 74 vendor client references
Source: Q2 2015 Global Real-Time Interaction Management Customer Reference Online Survey, Forrester Research, Inc.

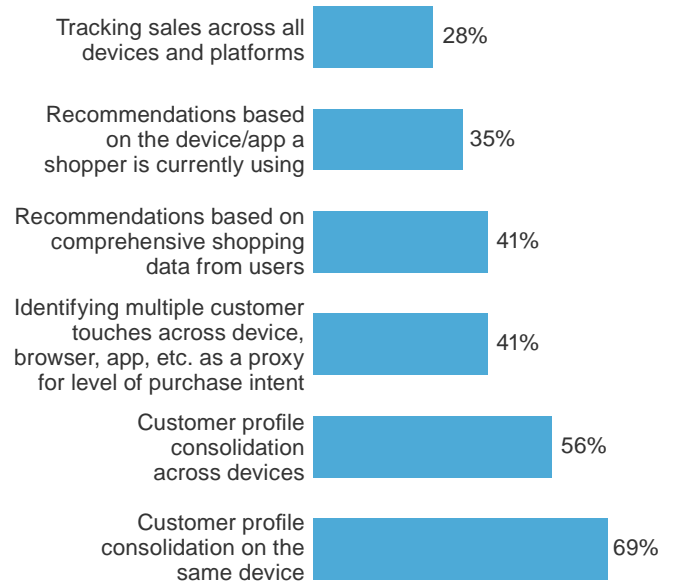
To keep up, marketers must turn to technology for more and more marketing functions — from setting strategy to informing creative development to executing on delivering campaigns. The role of marketing technology is evolving from a laser focus on efficiency to one that is also enabling firms to build sustainable customer relationships in a mutually beneficial way. These people-focused marketing efforts pay off through improving customer lifetime value

(LTV) and customer loyalty, creating stronger brand experiences, and converting prospects to customers.

In our study, we found that a relatively small percentage of companies are able to effectively leverage customer data across devices and platforms today. This was highlighted by struggles with tracking sales across all or multiple devices and platforms, as less than a third of respondents said they do this. Also, only 35% said they are able to serve recommendations based on the users' current device or app (see Figure 2).

FIGURE 2
Most Companies Still Can't Track Customer Touchpoints Across Multiple Devices And Platforms

“Which of the following capabilities is your company able to provide to customers today based on data from your customer touchpoints?”



Note: “None of the above” = 4%

Base: 54 US managers or above currently able to execute cross-device, personalized ad campaigns

Source: A commissioned study conducted by Forrester Consulting on behalf of Criteo, December 2015

For marketers to build a consistent relationship with their customers, they must think beyond table stakes cross-device targeting capabilities and enhance their maturity of true people-focused marketing. As one interviewee put it:

“If you want to have a relationship with someone, they have to know when you have a conversation you’re going to talk about what’s relevant to them.”

— VP of marketing and commerce at a US-based home goods retailer

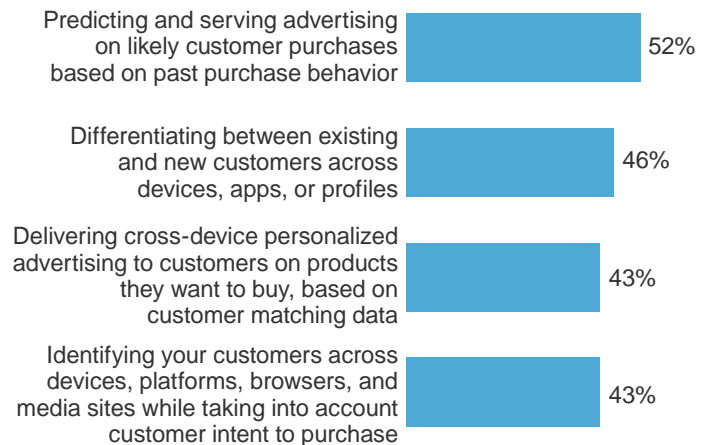
People-focused marketing requires that brands recognize their customers as unique individuals — they don’t care that your company is organized by channels, and they expect you to tell a consistent story to them across your touchpoints. This expectation both rises and becomes more complicated with the proliferation of devices customers use. Customers don’t just expect consistency across channels; they want it immediately in the context of their moment of need and on the device of their choice. Failing to deliver against these expectations means missing the opportunity to win, serve, and retain your customers.¹

The marketers in our study who had implemented programs that delivered personalized marketing messages across devices show that the capabilities powering their programs are contributing to their overall success. Being able to identify customers across devices; differentiate between existing and new customers across devices, apps, or profiles; use customer matching data to deliver relevant, personalized ads across devices; and predict and deliver messages on likely customer purchases based on past purchase behavior all contribute to marketing success (see Figure 3).

FIGURE 3

Data-Driven Capabilities Improve Marketing Success

“Please indicate how much impact the following capabilities have had on the overall success of your marketing program?”
(Showing “major impact”)



Base: 54 US managers or above currently able to execute cross-device, personalized ad campaigns

Source: A commissioned study conducted by Forrester Consulting on behalf of Criteo, December 2015

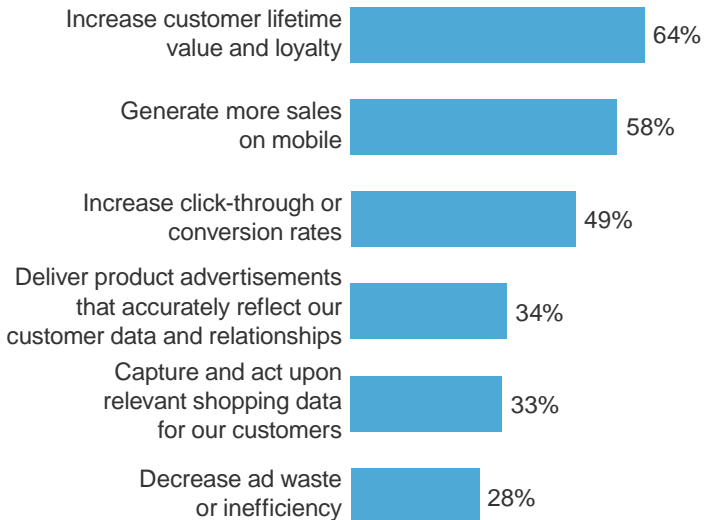
MOBILE IS AT THE CENTER OF A CONNECTED CUSTOMER EXPERIENCE

The focus on cross-device capabilities underscores the important place mobile interactions have taken for brands and their customers. Forrester predicted that in the US, 70% of the population would own a smartphone by the end of 2015, and these users interact with them more than 100 times per day on average. When they do so, they are asking for relevant information on the goods and services they shop for. A full 36% of US online smartphone users research physical goods on their devices at least once a week, and about 30% use shopping apps monthly.²

Facing these trends, the marketers in our study have set their sights on mobile marketing success, with a specific focus on customer lifetime value and driving customer loyalty (see Figure 4).

FIGURE 4
Marketers View Mobile As Integral To Customer Relationships

“Which of the following best describes your organization’s top mobile marketing goals?”



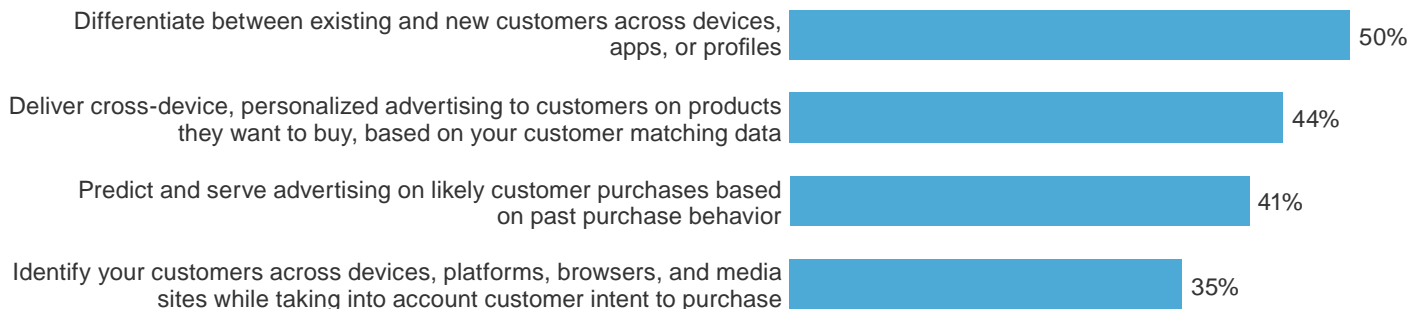
Base: 100 US managers or above with responsibility for customer targeting, marketing, or eCommerce

Source: A commissioned study conducted by Forrester Consulting on behalf of Criteo, December 2015

Having customer LTV and loyalty at the top of mobile considerations shows that marketers are putting their mobile efforts at the center of how their marketing programs reinforce relationships with their customers. It’s not just about capturing the next purchase — it’s about maintaining the role your brand plays in your customers’ lives.

FIGURE 5
Marketers Lack Confidence In Critical People-Focused Marketing Capabilities

“How confident are you in your company’s ability to do the following?”
(Showing “very confident” only)



Base: 54 US managers or above currently able to execute cross-device, personalized ad campaigns

Source: A commissioned study conducted by Forrester Consulting on behalf of Criteo, December 2015

Challenges: Despite Technical And Operational Advances, True People-Focused Marketing Isn’t Here Yet

Previously, we’ve seen that companies have been taking the first step toward people-focused marketing by onboarding data-driven capabilities into their marketing programs. Despite marketers doing the early work, we see that many of them lack full faith in how well they can execute on these requirements.

Only half of the marketers running personalized marketing programs across devices were very confident in their ability to differentiate between existing and new customers across devices, apps, or profiles, and that was the strongest area of confidence among the different critical functions covered (see Figure 5).

CHALLENGES WITH INTEGRATING OFFLINE TOUCHPOINTS

There are a number of factors standing in the way of marketers stepping up from cross-device personalization to true people-focused marketing today. For one, true people-focused marketing is about extrapolating active intent signals from each customer touchpoint in real time to drive decision-making across all facets of each interaction with your customers. Decision-making based on a pure device or user graph loses value without actionable intelligence to drive interactions holistically — and that means including offline touchpoints in your strategy. This is an area marketers are struggling with acutely.

Today, less than one-quarter of companies said they have RTIM environments that cover outbound contact centers, agent desktops, or face-to-face offers, and less than 10% said they manage real-time interactions on networked devices such as kiosks, ATMs, or point-of-sale (POS) terminals.³ So offline integration into RTIM solutions is still a ways away.

As marketers mature, more robust customer intelligence will be enabled across all touchpoints — both online and offline — and brought into context with business drivers including pricing, seasonality, promotions, and even weather.

CHALLENGES WITH EFFECTIVE CUSTOMER MATCHING

Marketers and their agencies are also facing significant challenges in effectively applying customer matching across the multiple sites, apps, and platforms that make up their customers' overall online activities. Marketers typically look to identify customers using probabilistic or deterministic approaches, each with their strengths and potential pitfalls.

Of these approaches, deterministic matching offers the greatest degree of accuracy, by leveraging personally identifiable information (PII) data, such as login information, to authenticate users across devices, apps, and browsers. The general market trend with this approach has been to operate with media partners that can supply the PII required to construct a view of the customers' habits across touchpoints. The issue is that many of these partners operate within walled gardens, and this can lead to challenges with scale and missed opportunities to engage with customers across their most important digital touchpoints. Ultimately, individual customers are not accurately defined by their activities on just one or a limited few publishers or devices. A customer view that cannot tie together the different touchpoints and pieces of information a customer encounters cannot effectively tailor programs that keep up with shifting preferences.

Probabilistic matching is often deployed to provide a supplement to some of the common scale challenges with many deterministic approaches. The challenge with probabilistic matching, however, is that you end up giving up accuracy for better scale. Probabilistic approaches analyze available customer data to determine the likelihood that multiple devices are owned by a single person or household for the purposes of serving them with marketing messages, but ultimately these approaches result in a sophisticated, educated guess. And continuing learning based on long-

term data inputs is elusive, making it difficult to evolve your programs over time to meet changing customer behaviors, attitudes, and context.

Other marketers will try to supplement the scale of deterministic approaches through lookalike modeling, which effectively extrapolates larger audiences from smaller customer segments based on demographic and psychographic profiles. While lookalike modeling improves targeting results, it still leaves gaps. It typically focuses on demographic and psychographic similarities, instead of the shoppers' real-time purchase predictions based on active and holistic intent signals as they browse.

CHALLENGES WITH TAKING ACTION IN REAL TIME

As the previous challenges illustrate, marketers face a number of hurdles integrating both offline and online touchpoints, as well as moving from gathering data to turning information into actionable insights. What can make these even more daunting is that customer expectations demand marketers take action in real time.

Without the ability to aggregate and integrate data and then automate marketing decisions continuously and in real time, marketers risk missing opportunities to uncover intricate purchasing habits in order to more effectively turn prospects into customers. Being able to optimize marketing decisions and investments in real time requires accurate analytics built on a foundation of scalable and exact customer matching.

Future State: Driving Toward Real People-Focused Marketing

Technology partners are in an arms race to ramp up RTIM capabilities, and vendor innovation, strategic partnerships, and vendor consolidation are contributing to fast innovation in the space. There is a role for marketers to play in pushing the frontiers of RTIM capabilities and with it usher in the ability to connect the right insights with people to deliver great, relevant customer experiences.

Personalization capabilities leveraging customer data are now table stakes for effective marketing campaigns, and marketers must move quickly to master customer profiling and segmentation and track sales across multiple devices and platforms. They must also deliver personalized content that reflects not only their customer relationships, but also their customers' current context and moment of need.

These capabilities will pay dividends today, but as competitors become more sophisticated and drive to people-focused marketing powered by RTIM solutions, those marketers who have mastered the early steps will be better placed to differentiate themselves.

Marketers can also play a role in helping usher in the future of real people-focused marketing through their relationships with their vendors. They should focus future investment on solutions that have cross-channel RTIM capabilities within their product road maps, especially ones that can manage and integrate the main customer touchpoints (online and offline) that make up your customer relationships.

Vendors that enable you to do the following will provide greater support for your evolution into people-focused marketing:

- › **Achieve a holistic view.** Trace touchpoints and pathways across all publishers, apps, devices, and browsers in real time, with an eye toward bridging the offline divide.
- › **Keep the goal in sight.** Strive to deliver personalized, customer-centric experiences across all touchpoints in near real time - and using metrics that align well to your bottom line.
- › **Gain transparency.** Understand the matching methodology to ensure the use of quality deterministic data for matching, in order to avoid re-identification in the long run and being held back when building user-level actionable insights.
- › **Keep the lid on PII.** Map all marketing functions to the customer, but ensure that you use a privacy-safe solution that doesn't risk the trust your customers have with your brand.
- › **Let the customer guide you.** Put the customer at the core of every element of your marketing decisions. Use actionable, deterministically matched real-time person-level data that forms a holistic, single view of your customers' browsing patterns and intent. These decisions should reflect both business and customer needs and should be carefully monitored through attribution and insights.

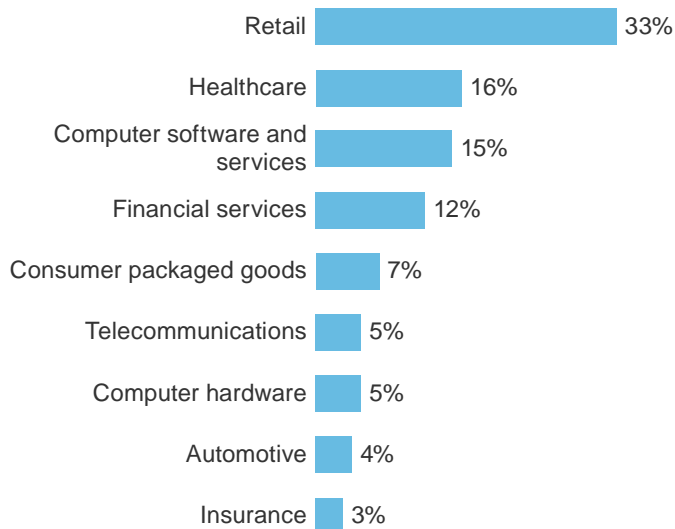
Appendix A: Methodology

In this study, Forrester conducted an online survey of 100 organizations and in-depth interviews with six marketing and customer analytics leaders in the US to evaluate their current attitudes and behaviors around cross-device, personalized marketing. Survey and interview participants included decision-makers in marketing, customer analytics, and eCommerce. Questions provided to the participants asked about their capabilities, challenges, and future attitudes regarding real-time personalized marketing capabilities. Respondents were offered a small financial incentive as a thank you for time spent on the survey. The study began in August 2015 and was completed in January 2016.

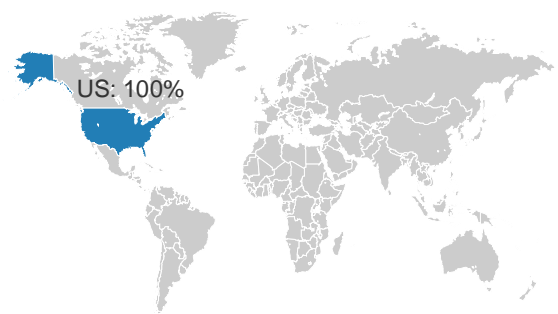
Appendix B: Demographics/Data

FIGURE 6
Vertical, Geographical, And Company Size Breakdown

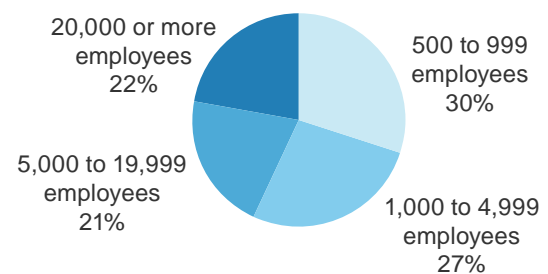
“Which of the following best describes the industry to which your company belongs?”



“In which country do you work?”



“Using your best estimate, how many employees work for your firm/organization worldwide?”



Base: 100 US Managers or above with responsibility for customer targeting, marketing, or eCommerce.

Source: Source: A commissioned study conducted by Forrester Consulting on behalf of Criteo, September 2015.

Appendix C: Endnotes

¹ Source: “Bridging The Cross-Device Chasm,” Forrester Research, Inc., November 23, 2015.

² Source: “A Marketer’s Guide To The Mobile Mind Shift,” Forrester Research, Inc., December 8, 2015.

³ Source: “Putting Real-Time Interaction Management Into Context,” Forrester Research, Inc., November 20, 2015.