IMPROVE YOUR RETAIL IQ

Using web data to improve your storefront

MORE AND MORE, SHOPPERS ARE RESEARCHING PRODUCTS ONLINE AND THEN GOING TO A RETAIL STORE TO BUY. Multichannel retailers can take what's happening online–not just purchases, but the silent, implicit behaviors of consumers browsing–and use it to see emergent trends and improve in-store merchandising.

Unfortunately, most retailers still look in the rearview mirror to determine what products are poised for financial success in the future. This is largely because so-called "predictive" applications tend to prioritize the wrong set of indicators, often identifying consumer trends months after the fact or relying on seasonal data from last year.

Ecommerce data can provide much more relevant and timely indicators of popularity, such as new or increasingly popular search terms, or engagement metrics like dwell time on particular products or categories. These can significantly predate any purchases and give retailers the ability to order ahead of emerging trends.

For example, Sun & Ski Sports was one of the first companies to spot the puzzling rise in popularity of the Vibram FiveFinger shoe. They did this by observing the behaviors of customers on their site and noticing visitors spending a lot of time looking at and engaging with the funny-looking barefoot-mimicking shoe. Based on these observations, the Houton-headquartered national sports retailer decided to order more inventory and amplify the promotion of the shoes, long before their competitors ever caught on. As a result, the shoes flew off the shelves.

Here's 3 quick tips for using online data to invigorate your retail presence:

- **Get Personal:** Personalization can be a great way to create engaging experiences for your customers online, with several solutions providing powerful tools that analyze customers' silent behaviors on your site.

- **Follow the Right Signals:** Purchases tell you someone took the leap. But with a good portion of customers using the web for research only, you also have to look at more implicit signals, such as search terms, scrolls and mouse hovers.

- **Assess Across Geographies:** The shoe-of-the-moment in New York drastically different from the hot footwear in Los Angeles. By looking at how customers in different geographies engage with your products online, you can ascertain what products will be a hit in local stores.–ANURAG WADEHRA, CMO, BAYNOTE

GO BIG

USING PROGRAM OPTIMIZATION TO MAKE THE MOST OF BIG DATA

More than ever before, marketers need a path to advanced customer engagement—a way to assess our ability to leverage data-driven programs and formulate a plan for maximizing performance. Program optimization is the place to start if you want to be a marketing player in the Big Data arena, and you must pass through data and testing to enter.

An essential component to creating highly relevant customer engagement is—you guessed it—customer data. But the majority of marketers contend with inefficient warehouse storage and non-integrated systems for managing customer data, at a time when it is critical that customer data be timely, accessible, and rich with demographic, behavioral, and contact information.

Even if your customer data is accessible, how easy is it for you to parse through the volumes of information available to find the right audience? More than half of email marketers fail to perform any audience segmentation and targeting when they market. The approach you take towards audience segmentation and selection will go a long way towards determining your spot on the pathway to program optimization. For example, do you saturate your geographic audience with direct mail, or are you able to target the consumers most likely to respond to direct mail?

The more criteria by which you are able to target an audience, the more sophisticated your marketing efforts, and thus the further you are along the pathway to program optimization. As audience targeting becomes more advanced (e.g., customer value, behavioral response) campaign performance improves exponentially actions.
– ARTHUR SWEETSER, CMO, 89 DEGREES

got customers? DATA MINING HELPS OBERWEIS DAIRY BOOST RETENTION.

Data analysis conducted by Oberweis Dairy revealed the secret to retaining new home-delivery customers: Give no more or less upfront in a new prospecting promotion than had been previously offered, but package it differently.

Oberweis Dairy has put this new wisdom into action. It no longer waives its $2.99 per-delivery charge entirely for six months, preferring in many cases to reduce the fee for a full year.

"What we discovered through analysis of attrition data is that at the six-month point we had a sharp discontinuity," vice president of marketing Bruce Bedford says. "It didn't matter which market customers were in, the account sizes or how they came to us. If they came to us through free delivery, the drop-off could be as sharp as 20%."

By using software from analytics firm SAS, Bedford discovered there was one group that didn't experience the sharp rise in attrition after six months: Those who came to the delivery service through the company's website, and who were not offered any sort of discount. For that group alone, the attrition projections represented a much smoother curve.

This led Bedford to suspect there was something about the free delivery offer—or, rather, the lack of continuing the offer after six months—that correlated to the declines. "It's a perception of value," Bedford says. "[Customers] are not seeing why what they have been getting for free they now have to pay for."

For Oberweis Dairy, completely eliminating the delivery fee wasn't an option. It is priced to cover gas, vehicle maintenance and the salaries of the delivery staff. It does not, Bedford says, serve as a profit center. But what would the impact on retention be if there was a smaller step-up from a reduced—but not eliminated–delivery fee to the full fee?

In July 2011, the company inserted two different offers into Valpak shared-mail packages aimed at markets in Chicago, St. Louis, Milwaukee, Detroit and Virginia Beach, VA. One million prospects were offered a years' worth of delivery at a 99 cents per delivery rate. Another million were offered free delivery six months, with an insulated delivery box as a premium.

The two offers pulled at more or less the same response rate, says Bedford. The cost of each offer was also similar, roughly $100. The difference came when the six-month renewal period drew near: Those offered the 99 cent per-delivery charge for the full year stayed on at a much higher rate.– RICHARD H. LEVEY

B2B STANDARDS NEEDED

For business-to-business marketers, is *any* lead a good lead? More than a quarter of all B2B firms apparently believe so—28% have no standards in place for lead qualification, according to a new survey.

A similar percentage of B2B firms don't seem to care. Nearly one quarter of all respondents say their firm sets goals based solely on the total number of leads generated. Another third have goals based on the total number of leads which are qualified, while 22% set their thresholds based on both qualified and unqualified leads.

That last group could reflect legacy thinking within an organization, according to David Cummings, CEO of marketing automation firm Pardot, which underwrote the survey. Historically, Cummings says, marketing departments have been measured by total leads. Looking at qualified leads reflects new technology and progressive thinking.

Or, it could mean that firms have faith in their abilities to increase the potential of unqualified leads once they are captured, he adds.

But faith has its limits. The biggest area for improvement among B2B firms may be in lead nurturing among less-qualified prospects. Fewer than two thirds of the respondents indicate they have a formal program in place for attempting to increase marginal leads' viability. Cummings notes that this could reflect the effectiveness of a firm's ability to generate qualified leads. "Say you generate 100 leads and 20 of them are quality leads," he suggests. "If there is that big a delta between quality and quantity, there could be some more gold in that stream.

"With a bunch of leads, you can see if there is an opportunity to take some of the unqualified leads and nurture them so at some point in the future they become qualified," he adds.

"But if you generate 30 leads and 28 are qualified, you don't necessarily need to squeeze out more."

Sixty percent of firms that do qualify leads use a combination of demographic and firmographic factors such as job title, company size and industry as well as actions take, such as pages and videos viewed. Another 15% rely on firmographics alone, and the rest use observed actions.– RHL