



THE CMO SOLUTION GUIDE: CONTEXT AND CONSUMERS

Marketing's Next Frontier is Here

THE **CMO** CLUB™ in partnership with **selligent**

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Overview

Context can make or break the communication – and, ultimately, the relationship – between a consumer and a brand. Today’s consumers expect relevant communications that speak directly to their needs in the moment. We have the technology today to deliver such messages – but there are significant barriers to developing relevant, contextual programs of this kind.

Some of the development challenges represent new versions of old challenges. Take data as an example: it has always been hard to harness data from different sources and to leverage insights in real time. But today, there are additional opportunities – if not expectations – for marketers to use contextual data to better reach and engage customers through the optimal channel(s).

A MISSED OPPORTUNITY

A senior marketing executive flies from his home in Miami to Boston, and then from Boston to LA, using a popular ride-sharing service in all three locations. You wouldn’t know it from his inbox, which contains emails from that company’s San Francisco and New York restaurant delivery app. Further, both emails feature content that will be out of date before he next visits either city.

That company could have used the information our traveler provided them simply by using their service to send useful, location-specific content – or updated the content in real time so that it might still be relevant for a future trip. That is, they could have engaged this traveler with information that was **contextually relevant** in the moment.



CONTEXTUAL MARKETING COMBINES REAL-TIME ONLINE AND OFFLINE INFORMATION ABOUT A SPECIFIC END USER TO TARGET AND DELIVER GREATER VALUE TO THAT CONSUMER.

Dan Lieberman, Former CMO,
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Introducing LUV

So, how can marketing organizations do better? To find out, The CMO Club – in partnership with Selligent – conducted an in-depth survey of more than 100 CMO Club members and interviewed half a dozen CMOs from global corporations to understand how they use contextual marketing. In this report, we'll share the key findings and introduce the "LUV" approach; we believe that contextual marketing works best when marketers know how to Limit, Understand, and Value.

-
-  Limit non-relevant communication
 -  Use data to understand consumers' real-time needs
 -  Add value to consumers' lives with every engagement
-

Marketers looking to put contextual marketing into practice should apply the LUV approach to every interaction with consumers.

LUV means jumping off the "big data" bandwagon and solving consumer problems one step at a time with the resources available.

Why LUV? Marketing to today's generation of consumers requires a different approach. To meet heightened expectations for relevance and value, marketers need to put consumer needs ahead of a product, channel, or new technology, and use context to understand a consumer's situation.

Through a survey of more than 100 CMO Club members and half a dozen in-depth CMO interviews, Selligent and the CMO Club found

- Marketers struggle to use context, relying primarily on high-level demographic data to understand consumers.
- While most marketers have mastered web analytics to understand consumer behavior, few use mobile data (such as location and weather) to predict a customer's situation in real time.
- Few marketers leverage predictive analysis of customer lifetime value to determine marketing messages.
- Technology is cited as the number-one factor preventing marketers from fully understanding and connecting with consumers in real time.
- Marketers still communicate with consumers across a range of disconnected channels and technologies, and struggle to implement a unified messaging strategy.
- Multi-channel attribution remains a challenge, as most marketers aren't able to associate existing knowledge of consumers at the time of interaction.
- Most marketers must make decisions based on siloed CRM data and can't draw insights from other sources, so they never have a full view of customer interactions.

The Struggle

COMPANIES STRUGGLE TO READ CONSUMER SIGNALS

Technology has forever changed how we communicate with and engage consumers. But, while it has increased our opportunity as marketers, it has also increased consumer expectations. Consumers now expect marketers to communicate with them within the specific context of each interaction. That's much easier said than done. For this report, we surveyed 108 CMO Club members¹ to understand how marketers are embracing this new reality.

The good news is that we found that marketers' expectations of themselves have increased alongside consumer expectations. When CMOs were asked what they thought would deliver the greatest value to consumers, **71%** of respondents cited *"Understanding their situation and engaging at a very personal level based on the consumer's specific circumstances,"* followed by *"Anticipating their needs and proactively offering to solve them"* at **67%**.



MARKETERS MUST LEARN TO READ REAL-TIME SIGNALS AND USE THEM TO ELIMINATE IRRELEVANT COMMUNICATIONS.

Gordon Ho, CMO,
Princess Cruises



WE LEVERAGE DATA TO FIND CLIENTS, BUT WE ALSO SHOULD BE USING THIS DATA TO DEEPEN RELATIONSHIPS WITH CURRENT CUSTOMERS – FOR EXAMPLE, BY ANTICIPATING WHAT THEY WANT AND NEED TO HEAR.

Jennifer Dominiquini, Chief Marketing
and Client Experience Officer, BBVA
Compass



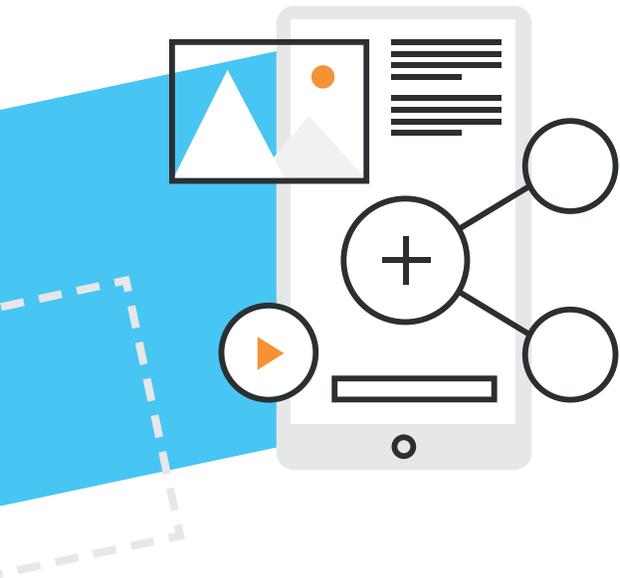
WE CONSIDER A CONSUMER'S DISPOSITION, CRM DATA (LOCATION, BEHAVIOR, ATTITUDINAL, LOCATION/TIME OF DAY), A SPECIFIC NEED, AND SOCIAL SITUATION. THERE IS A FLEETING MOMENT OF TIME THAT ALL FOUR ELEMENTS COME TOGETHER. THE MORE WE KNOW AND CAN PREDICT, THE MORE RELEVANT AND BETTER EXPERIENCE WE CAN DELIVER.

Randa McMinn, Former VP
Marketing, Essex Property Trust

Yet, when we asked marketers about their current activity, the majority (**67%**) stated that they are not taking advantage of contextual data and technology. Only a third combine existing knowledge of a consumer with real-time information about that consumer's situation. And even fewer (**28%**) use situational data to predict consumer circumstances and act based on that information.



¹ The CMO Club survey of senior-level marketers on the topic of contextual marketing. October 22, 2015.



Data-blind Marketers Can't See Consumers

Most marketers rely on high-level demographics to segment audiences for their campaigns, while other data (like consumer habits and preferences) remains underutilized. Although a whopping **89%** of marketers track the website behavior of anonymous users, only **32%** regularly differentiate loyal customers from the churning ones, which would enable them to address these two important segments accordingly.

Companies can't afford to lose hard-won customers, yet marketers focus on easy-to-access data that only scratches the surface of who their customer really is. They seldom look beyond demographics and into behavioral characteristics and the overall profitability, or lifetime value, of the customers they want to engage and retain.



WE HAVE A TRADITIONAL CRM, BUT WE REALLY NEED TO BE ABLE TO FEED DATA FROM THE TEAM'S INTERACTIONS WITH CUSTOMERS AND PROSPECTS INTO THE SYSTEM. WE HAVE SOME INFORMATION ON WHEN THEY GET EMAILS, BUT IT'S NOT INTEGRATED WITH OUR CRM SO THAT WE CAN USE THIS DATA TO MAKE SMARTER DECISIONS.

Aaron Hoskins, Manager, Digital Operations, Sharp Healthcare



Furthermore, although a majority of marketers (72%) communicate with consumers across different channels, only 34% are able to associate any existing knowledge of the consumer during the time of interaction. As a result, marketers have very limited knowledge of their customers' conversion paths.

72% of marketers communicate with consumers across a range of disconnected channels and technologies.

Only 34% of marketers are able to recognize individual consumers in each communications channel and associate any existing knowledge of the consumer (e.g., purchase history, lifetime value, home location) during the time of interaction.

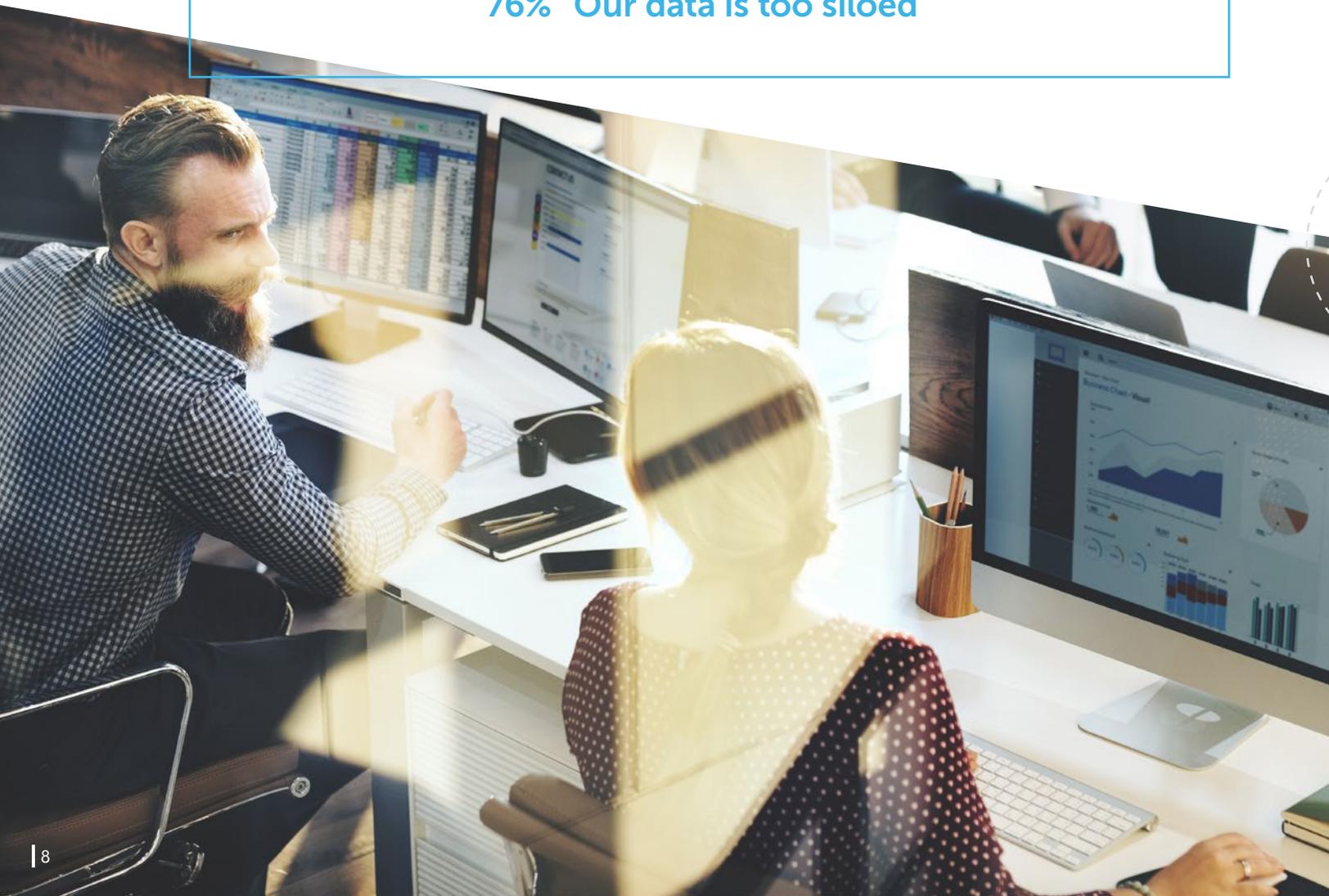
So what's holding everyone back?

Data, Technology, and Fear

Marketers point to several very significant issues blocking their embrace of a contextual approach to marketing. The most-cited culprit (at **83%** of those surveyed) is technology that doesn't enable contextual marketing; we also heard from **76%** that data is too siloed to act upon.

83% "Our technology doesn't enable contextual marketing"

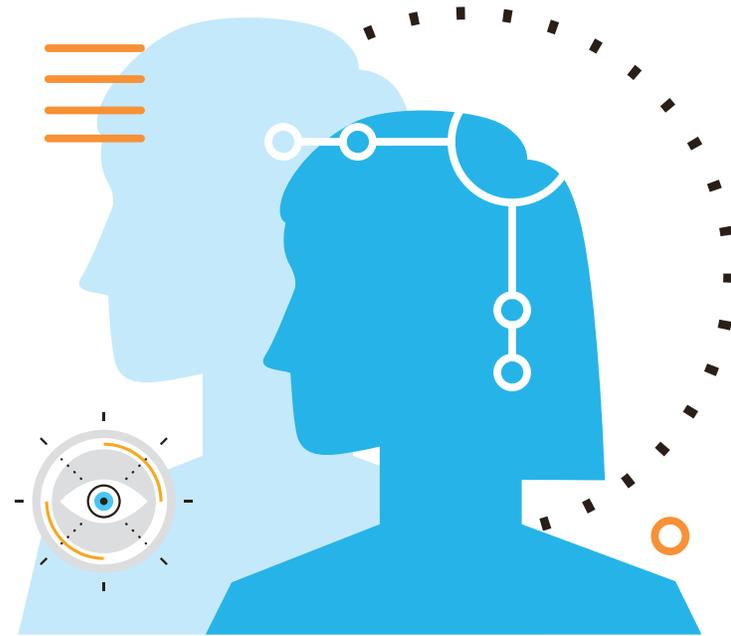
76% "Our data is too siloed"



It is true that marketing technology is extremely complex, and that data has been collected in disconnected silos across many companies. Marketers are often stymied by technological complexity. They hear from their CIO that data security will be compromised if data is moved into a new system. They get pushback from vendor partners that an integration will take six months. They take part in “big data” projects that stretch on for months and months and yield few usable results.

However, these larger barriers can sometimes overshadow smaller opportunities for contextual marketing that could have significant impact on consumer engagement. And the majority of marketers do realize that they aren’t fully utilizing the technology that they already have access to. A recent study by Ascend2² shows that only **9%** of marketers believe they have all of the technology they need and fully utilize it, while **59%** believe they are not fully utilizing the technology they have.

Further, most marketers are not even using third-party or smaller individual data points to improve their contextual relevance. For example, fewer than half use readily available real-time location data, and even fewer access third-party data to provide further context to the consumer’s state.



IF I HAD A MAGIC WAND TO FIX ONE ISSUE WITH MY MARKETING PRACTICE, I WOULD MAKE SURE OUR TECHNOLOGY STACK IS ORGANIZED, AND AS CONNECTED AS POSSIBLE. WE HAVE TONS OF LEGACY PROCESSES, DIFFERENT SYSTEMS, ETC. BUT IT’S CRITICAL TO GET ALL OUR INFORMATION TO SYNC WITH OTHER SOURCES AND STREAMLINE EVERYTHING.

Jennifer Dominiquini, Chief Marketing and Client Experience Officer, BBVA Compass



- **43%** of marketers use real-time location data (i.e., using technology to know where a customer is when interacting with them)
- **40.4%** of marketers use third-party data that relates in real-time to the customer state (such as weather or traffic)
- **35%** of marketers use real-time detection of customer states such as mood or social situation

Resisting Change



Change and adoption can be difficult, particularly in larger companies with diverse departments. Many companies have been evolving their marketing quickly – to embrace mobile commerce and social media, for example. But new teams can add complexity, while legacy groups may be stuck with outdated processes and systems. While the vast majority of company leaders want to embrace more technology, a recent study by **MIT³** shows that **63%** believe that their employees are too slow to adopt these changes.

More concerning, however, is that marketers are waiting for their competitors to make the first move. When we asked what would increase their use of situational data, **81%** of marketers surveyed said they would try it if their competitors started first. That's even more than the **60%** who said that they would do it if their technology allowed it.

CMOs can find competitive advantage by being the first to use these best practices. We believe that all marketers are heading toward the use of situational data, so the question is whether you want to disrupt your competition or simply react to the competition when they disrupt you first. We don't think that marketers should wait to embrace contextual marketing, particularly in an environment with elevated consumer expectations. Agile brands will have the opportunity to steal customers from industry laggards.



PART OF THE CHALLENGE IS THAT CONTEXTUAL MARKETING ISN'T JUST A ONE-PERSON JOB; A LOT OF PEOPLE SHOULD BE ON BOARD. EVERYONE KNOWS THAT CONTEXTUAL RELEVANCE MAKES SENSE, BUT THEY'RE NOT ALWAYS AWARE OF WHAT IT TAKES TO DO IT WELL AND TO SUSTAIN YOUR EFFORT.

Jennifer Dominiquini, Chief Marketing and Client Experience Officer, BBVA Compass



"We will increase the use of situational data if....

- ...our competitors begin using this data in their relationship marketing efforts - **81%**
- ... our technology providers offer the ability to use this data in our programs - **62%**
- ...we get explicit consumer permission to use this type of data - **54%**

3 Knight, Rebecca. (March 19, 2015). Convincing Sceptical Employees to Adopt New Technology. Harvard Business Review. Retrieved from <https://hbr.org/2015/03/convincing-skeptical-employees-to-adopt-new-technology>

The Solution

THE CONSUMER-FIRST APPROACH TO CONTEXTUAL RELEVANCE

THE RIGHT APPROACH TO CONTEXTUAL RELEVANCE PUTS THE CONSUMER FIRST, NO MATTER THE TECHNICAL BARRIERS OR “SHINY NEW OBJECTS.”

Consumer attention is the most precious commodity for today’s marketers. Poorly created marketing communications – those that don’t account for recent behavior or make it difficult to perform key tasks – are seen as disrespectful by modern consumers. Driven by millennials, digital natives with the highest expectations of marketing, consumers want brands to deliver relevance across everything that they do. In other words, as marketers, we have to earn the right to gain consumers’ precious attention.

Marketers often start with a product (we need to sell more boots) or a channel (we need a mobile app) and end up considering consumer needs last. Worse, many marketers feel pressure to employ “shiny new objects” like Snapchat or beacons without understanding the value (if any) they will provide to consumers.



With a consumer-first approach, marketers start by examining the expectations of their consumers and determining how to best meet those expectations. Data, marketing channels, and “shiny objects” come into play only when they actually serve a consumer need.

Consumer-first marketing does not mean that marketers should put aside company goals like sales and brand loyalty; in fact, it can help marketers focus more sharply on these metrics. The key is to use customer needs and expectations of relevance as a lens. Whenever the business can meet those expectations and still accomplish its own goals, it’s a win-win. Such an approach empowers marketing teams to simplify and focus on the most important programs and their supporting tools.

While data and technology can help marketers be more relevant, a consumer-first approach is critical for success.



SOCIAL LISTENING IS IMPORTANT: LISTEN TO KEY TOPICS, HOW CUSTOMERS ARE TALKING ABOUT DIFFERENT LIFE STAGES, THEIR NEEDS AND WANTS, KEY THINGS THEY DO. TRY TO UNDERSTAND – AND ARTICULATE THEIR NEEDS AND WANTS. DON’T LISTEN ONLY TO WHAT PEOPLE ARE SAYING ABOUT THE PRODUCT; HEAR WHAT THEY’RE SAYING ABOUT THE CONTEXT IN WHICH THAT PRODUCT IS USED.

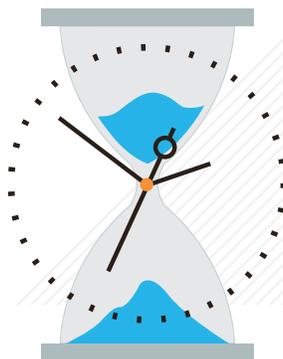
Jennifer Dominiquini, Chief Marketing and Client Experience Officer, BBVA Compass

How do you find [True LUV?](#)

It's Time to *LUV* Your Consumers

How do you put consumer-first marketing into practice? The LUV (Limit, Understand, and Value) approach to contextual marketing puts consumer needs first, helping you be more relevant. For any interaction with your consumers, determine if you are **limiting** non-relevant communication, if you are **understanding** their needs effectively, and if you are adding **value** to their lives. Then determine which level of data and technology (if any) are needed to communicate to the consumer.

LIMIT



DON'T WASTE MY TIME, MAKE THE THINGS I HAVE TO DO EASY

As one major online retailer that we interviewed for this study put it, "It's baked into the leadership principles at our company to make sure what we are doing is very customer-focused. When we talk to customers, we are only talking to them about things that are valuable to them. We place a high value on relevancy and have safety measures to make sure we are not intrusive. We have a centralized team that ensures that we don't crowd their in-box, for example. We require a human 'bar raiser' to allow for a new campaign after looking at overall communications, so that we don't overwhelm our consumers."

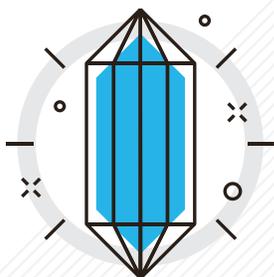
UNDERSTAND

KNOW ABOUT ME, SPEAK MY LANGUAGE, USE EMPATHY

Daniel Lieberman, Health Net's former CMO, uses life stage changes to determine what type of health insurance offer would be most relevant for individuals. "We look at social media status changes like marriage and having a baby to determine when someone might be interested in more information, and then we provide the most relevant offers based on that information as well as the data we have access to, such as ZIP Code information."



VALUE



ADD VALUE TO MY LIFE, EDUCATE ME, INCREASE YOUR IMPORTANCE IN MY WORLD

Gordon Ho, the CMO at Princess Cruises, explains, "We use past cruise and search data to provide really specific offers to people who like cruising. We have profiles on whether they like to see shows, go on excursions, etc. That way, everyone doesn't get every offer, but everyone gets something that might make their trip a little bit more memorable and relevant."



LUV in Action

- **Ask yourself what problem you can solve for your consumers.** Look at the various ways you could go about creating a solution. Some solutions might have significant barriers, but many others won't.
- **Don't focus too squarely on "big data" as the way to personalize your approach.** Solve consumer problems one step at a time with whatever solution is possible with the resources available. You don't have to have a fully integrated tech stack or a 360-degree data approach; simply adding a location-based data point or accessing recent search data can be enough to provide much more interesting offers, eliminate irrelevant messages, or answer a consumer's question more quickly.
- **Don't add a hot new feature or platform unless it helps you become more relevant and valuable.** Adding value to a group of consumers is great, and personalizing that value for the individual is even better – but only if the payoff is worth the extra work.

Princess Cruises' Ho provides a good example. He points out that customer interest in a cruise goes up when it's cold outside. "Weather plays a large role in our marketing, because when it gets cold in certain areas, we can recognize the patterns based on what customers are searching, and we want to deliver the right product messages at the right time." With the use of widely available weather data, the company limits irrelevant messaging, and can send much more relevantly-timed marketing messages in places where they'll be best understood and valued by individual consumers.

The Power of *LUV*

LUV enables you to focus on solving problems for groups of consumers, and to add context to be even more relevant for individuals. Ask yourself:



LIMIT

Is my company doing anything that is annoying to this consumer?



VALUE

What kind of interaction or communication can I provide that benefits the consumer and my company at the same time?



UNDERSTAND

What do I know about this consumer and her preferences, location, and recent activity?

Beyond Demographics

KNOW WHAT YOUR CUSTOMERS WANT (BEFORE THEY DO)

Don't limit tests to just traditional data elements like purchase history, message frequency, and demographics. Think situationally about the consumer's context. Test the value of elements such as:

- Location
- Weather
- Traffic
- Pollen count
- Travel delays
- Expiration of offers or inventory scarcity
- Type of interaction – business or personal; purchasing for self or other
- Social context
- Life changes
- Mood and sentiment

Randa McMinn, former VP Marketing at Essex Property Trust, states that constantly thinking of where the customer is in their “buying” cycle or current situation is crucial to what value you should and could offer them in that moment. For example, in a crowded real estate market where properties are literally across the street from one another and have very similar offerings, if you know there is a high likelihood your target customer is a pet owner, your message could be tailored for the buyer’s pet priority. Instead of showcasing the features and benefits of a property, you could build a lifestyle story around a pet to showcase what living in that property would be like for that pet - this might include putting a GoPro on a dog or a cat to showcase a virtual tour of the property from the pet’s perspective. “Pulling on those particular strings” could be the key to a deeply resonating marketing message. “What will you do differently if you know X?”

LUV

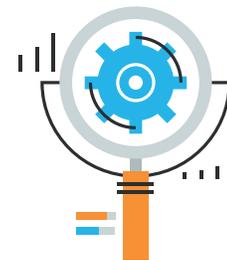
Doesn't Have to be Complicated

You don't always need a complex solution to make a consumer-first approach work. When you think creatively about how to solve a consumer's problem, you may find that low- and medium-complexity solutions often provide the right solution. A complex solution might

sometimes look great on paper, but won't always be the right answer to the consumer need. Focusing on your consumers with LUV can work for a wide variety of marketers, with any level of budget, technology, and data.

LOW-COMPLEXITY SOLUTIONS

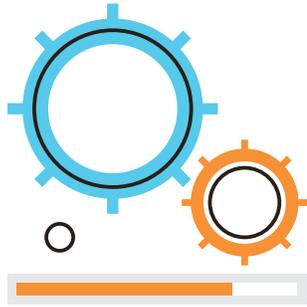
- Eliminate message types that are rarely opened or clicked on. Better still, see if you can determine why those specific message types are being ignored – and think about how to apply that learning elsewhere.
- Send a "helpful hints email" to consumers who are spending a lot of time on mundane online processes.
- Use situational data points to trigger messages.



SOMETIMES IT WILL BE THE TENTH OR ELEVENTH FACTOR ON THE LIST OF WHAT YOU KNOW ABOUT YOUR CUSTOMER THAT WILL GIVE YOU WHAT YOU NEED TO MAKE A CONNECTION.

Aaron Hoskins, Manager, Digital Operations, Sharp Healthcare

Beverage giant Coke used Twitter's Promoted Tweets feature to target individuals by their first names for their popular "Share a Coke" campaign. People were sent tweets featuring Coke bottles with their names on them with an offer to order a case of personalized bottles. Coke was able to turn a relatively simple personalization technique into a powerful social media message.



MEDIUM-COMPLEXITY SOLUTIONS

- Combine external data, such as weather, with a single data type, such as location data, to streamline offers for specific groups.
- Add dynamic content to emails based on a single element, such as the weather or time of arrival.
- Promote items that were recently searched and that have since gone on sale.

Redfin, a real estate company, understands that buying a new home is of huge emotional importance to its customers. To make the most of that connection, Redfin uses local snowfall information as a trigger to send homeowners a message encouraging them to take a picture of their home covered in snow for the first time and to share it on social media.

Sometimes that snowfall could happen years after the house was bought. While the message feels tailored at the individual level by the context of snowfall, it is actually a relatively standard automated message that has been successful for a large group of people, developed and deployed at very low cost.

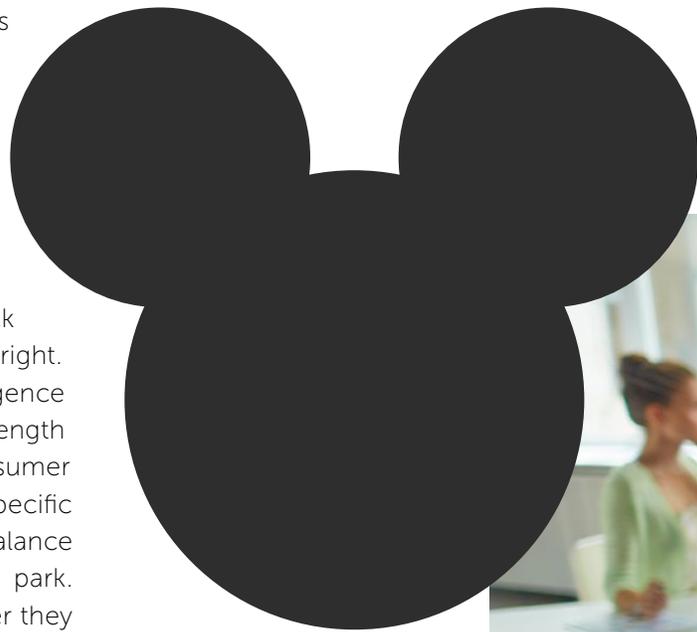
HIGH-COMPLEXITY SOLUTIONS

- Ensure the content of messages is relevant at the moment of engagement, regardless of channel. Today's technology allows for real-time personalization, whether updating content in an email at time of open, personalizing web pages upon each visit, or triggering proximity messaging on mobile phones.
- Aggregate real-time purchase data from your retail stores to inform digital ad targeting so that you don't retarget customers who have already bought something – especially if they've bought it from you.
- Create an app that syncs with in-store beacons to indicate which items are discounted for specific shoppers.



High-Complexity Case Study

In late 2013, Disney began to roll out MagicBands to guests staying at their Walt Disney World Resort in Orlando. Paired with a new app, these bands were the physical, consumer-facing embodiment of a \$1 billion investment in what Disney calls its "Next Generation Experience." The bands can act as park pass, FastPass, room key, wallet, and much more. Guests at Walt Disney World can order food on their app, take a seat in a restaurant and wait for the food to come to them – no more splitting up families and stressfully shuttling back and forth to make sure the order was right. Disney can use internal business intelligence about their own services, such as the length of lines for specific rides, as well as consumer preferences (such as which rides specific families might prefer) to help load balance wait times throughout the entire park. Families can get alerts when a character they might be interested in seeing is close by. Every element of the experience is designed to limit irrelevant communication, understand what makes each individual guest happy, and to deliver greater value to each guest. And all of this is done seamlessly, leveraging knowledge about location, preferences, inventory, and what's most likely to surprise and delight.



Summary: LUV Means Putting Consumers First

Consumer expectations have increased as technology has advanced. If they have a smartphone, a laptop, and a DVR, they expect on-demand content and messaging to be unified across these technologies. Consumers also assume that if companies are collecting data, they will put it to use to create relevant and compelling experiences.

The right approach to contextual relevance requires brands to put consumers first. Using customer needs and expectations will help marketers gain attention, build trust, and create a win-win relationship. The LUV (Limit, Understand, and Value) approach to contextual marketing doesn't have to require a fully integrated tech stack. With any budget and at any scale, businesses will benefit if they limit (or eliminate) irrelevant messages, understand consumers effectively, and focus on adding value to their lives.





in partnership with **selligent**

About The CMO Club

The CMO Club -- for Senior Marketing Executives only -- is a membership organization of over 850, designed to connect members for peer-based learning, and inspire professional and personal growth.

The unique purpose of The CMO Club is to bring Heads of Marketing together in an environment of openness and collaboration with no vendor selling permitted, that enables them to excel at what they do and solve their biggest CMO challenges. Tailored exclusively for the benefit of senior marketing executives, The CMO Club hosts dinners and events, shares reports and research from marketing industry leaders, and leverages the first online engaged CMO community network.

Visit us at www.thecmoclub.com.



About Selligent

Selligent's B2C marketing automation platform unifies consumer data and omnichannel engagement in one natively integrated solution. Selligent empowers brands to adopt a Consumer-First Marketing approach that uses insight-led engagement to enhance conversions, engagement and customer loyalty.

Powering 1-to-1 marketing for more than 700 brands, Selligent serves more than 30 countries and has more than 50 agency and MSP partnerships. Headquartered in Brussels, Selligent has 10 offices across the US and Europe.

Learn more at www.selligent.com.



