

# *Point of View: The Precision Marketing Imperative*

*Accelerating Performance by Calculating Results™*

**Marketing as Art + Science:** Triple pressures such as the need to: grow revenue, optimize budgets and resources and to identify and invest in one's most profitable customers have driven organizations to seek a better balance between "Art + Science." Increasingly, enterprises plan to selectively engage with service providers and technology vendors who provide expertise and facilitate adoption of new techniques, processes, and capabilities.

## **The Precision Marketing Imperative**

Marketing departments have often functioned on gut feelings, intuition and qualitative information gathering in the form of anecdotal reports from customer-facing employees. Visibility into customers' transactional purchases' behavior is provided through operational reports, while web, store, and call center interactions provide behavioral information. Triple pressures such as the need to: grow revenue, optimize budgets and resources and to identify and invest in one's most profitable customers have driven organizations to seek a better balance between "Art plus Science." Increasingly, enterprises plan to selectively engage with service providers and technology vendors who provide expertise and facilitate adoption of new techniques, processes, and capabilities.

## **Priorities**

Across all industries and company size, growing revenues is a top priority for organizations. This holds true for all business models - business to business (B2B), business to consumer (B2C), not-for-profit, and those that perform the marketing two-step (B2B2C). Moreover, top-line growth is not the only pressure faced; marketers also seek to do more with less. They are pressured to identify and invest in their most valuable or profitable customers while optimizing both budgets and resources applied. (Figure 1)

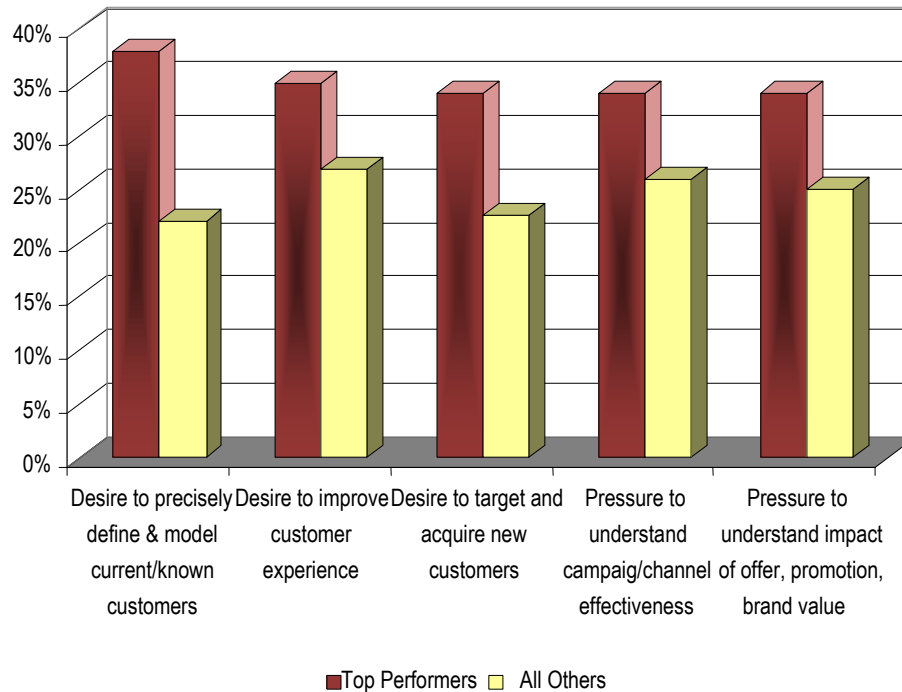
In short, marketers must find ways to communicate, interact and to provide service to customers based on value metrics. Ideally, highly profitable customers would receive more attention, service and resources than less profitable ones. Customer retention and acquisition rates among preferred segments or profiles would increase, as well as market share among most valuable customers.

In response, many companies have invested in enabling technologies such as customer relationship management (CRM) systems, Web analytics, business intelligence platforms and marketing automation solutions. While these tools have facilitated organizations' ability to plan and execute marketing campaigns and/or to perform operational reporting on results, they have not addressed the needs of customers, many of whom expect a seamless, multichannel experience at every touch point or interaction.

This scenario should sound familiar. Enterprises experience competitive pressure to grow revenues and market share while reducing budgets and resources. Investment in enabling technologies or services is held out to be the silver bullet. However, customers are often arbitrary, illogical and inconsistent in their behavior. And while companies lack crystal balls that precisely forecast customer's buying behaviors, top performers have been able to capitalize on and exploit "intelligence" captured from multiple touch points and interactions in order to influence purchasing decisions.

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**Figure 1: Reasons for Investment in Precision Marketing**



Top performers invest in precision marketing tools and services at greater levels in order to understand and influence the purchasing decisions of customers as well as to optimize their investments (Table 1). In return, they enjoy higher return on investments in key performance metrics. Case in point, 51 percent of top performers (in contrast to only 10 percent of other benchmarked groups) attained annual customer satisfaction levels of greater than 70 percent. Moreover, 86 percent of top performers also reported annual customer retention rates in excess of 70 percent.

Our research found firms that proactively assess and prevent customer migration attain higher customer retention and satisfaction levels.

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**Table I: Usage of Technology: Precision Marketing**

Provider Category	Top Performers	All Others	Variance
Marketing Automation Tools	35%	26%	+ 9%
Enterprise Marketing Management	30%	33%	- 3%
Marketing Resource Management	46%	26%	+ 20%
Customer Relationship Management	45%	23%	+ 21%
Marketing Services Providers / Agencies	16%	40%	- 24%
Web Analytics / Performance Mgmt. Tools	45%	27%	+ 13%
BI / Predictive Analytics Tools	44%	33%	+ 11%
Data Warehouse / Data Mining	36%	27%	+ 9%
Homegrown Solutions	30%	30%	+ 0%

### Challenges

While enabling technologies and service providers facilitate the planning and execution of both inbound and outbound marketing campaigns, enterprises are more challenged by lack of internal expertise in precision marketing techniques. The majority of survey respondents revealed they lack the ability to establish and measure meaningful performance metrics. Reminiscent of the proverbial "chicken and egg" scenario, organizations struggle to secure the budget and resources necessary to improve precision marketing techniques, but lack the ability to build a business case and gain buy-in through the establishment and measurement of key performance indicators (KPIs), metrics or goals.

### Key Enablers

Numerous tools, applications, solutions, systems and/or third-party services may be engaged in support of precision marketing initiatives. *Precision Marketing defined:* Driving continuous performance improvement through the use of personalization, segmentation, analytics, rules-based interactions, customer profitability scoring, decision-trees and/or closed-loop marketing planning and execution processes.

### Contacting Vendors:

Below are the website contacts for companies briefed by Hypatia Research, LLC as part of our ongoing Customer Intelligence Research & Advisory services:

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To request a briefing or to share your customer success story please contact us at: [Info@HypatiaResearch.com](mailto:Info@HypatiaResearch.com) or 617-230-0067.

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