

Behavioral Marketing

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Delivering Personalized Experiences at Scale

Dave Walters

WILEY

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FOREWORD

There is a customer revolution underway.

Buyers today have more information, more access, and more choice than anytime in history. The battleground for customer loyalty has shifted from features, prices, and transactions toward the new landscape of long-term relationships and customer experience. Best-in-class companies like Apple and Lexus have rewritten the rules of customer relationships by leveraging every touch point and every interaction to create a convenient, fun, and even meaningful experience. They have embraced the customer revolution, and they are raising the bar for the rest of us.

Marketing has always been the bridge that connects businesses and customers. However, marketing needs to reinvent itself in this new world of customer experience, moving beyond its roots in the audience/content/publish cycle. The new generation of marketers needs to embrace every customer interaction, digital or offline, no matter how diverse or seemingly short lived. We need to engage with each customer when and where that customer prefers with content that is perfectly tuned and individualized to him or her.

We can expect that, in return, customers will not only make purchases; they will offer their attention, their time, and their loyalty. To make this transition, we marketers must move beyond the day-to-day mechanics of campaign execution and curating content. We have to embrace our origins as storytellers and pull ourselves forward to become the architects of customer experience.

Imagine that marketing is like touring a city. Most of today's marketing does little more than crowd tourists into a small set of the most popular destinations. More advanced marketing is like a tour bus that is taking tourists to more destinations with smaller crowds. However, the sequence is fixed and the experience still fairly generic.

The future of marketing is like having your own private concierge who knows your interests, your budget, and your pace. This guide walks alongside you delivering a completely unique and personal experience perfectly tailored to you.

In the same way, the future of marketing will be built around each customer's unique personal interests. And like an experienced tour guide, marketers learn a customer's interests by asking what they want. But the truly world class tour guides go beyond asking; they watch their customer's behaviors as they visit each leg of their tour to craft a truly epic journey and experience the customer will never forget.

Marketers will be the architects of customer experience, and behavioral marketing will provide the foundation and write the guide book that marketers use to construct and orchestrate **epic** customer experiences.

But first, a little history . . .

My first small steps on the journey toward behavioral marketing took place in 2004. At the time, I had just released a book called *The Quiet Revolution in Email Marketing*. I wrote the book to help marketers recognize email marketing's ability to go beyond its roots as a "batch and blast" interruptive advertising channel.

I defined the world of email marketing in three levels, the first being basic personalization. Back then, well over 10 years ago, a large portion of email marketing wasn't even personalizing first names, so Level 1 was a big conceptual step for many marketers. Level 2 led marketers into the world of audiences, segmentation, and customers' stated preferences. And Level 3, the most advanced marketing at that

time, pushed marketers into dynamic content, lifecycle campaigns, and analytics for creating even more relevant segments and targets.

In the last section of the *The Quiet Revolution in Email Marketing*, I hinted at a world beyond Level 3 that we are just now embracing 10 years later: that we would be segmenting customers by their past behaviors and even responding to those behaviors in real time. For many marketers, including Silverpop and me, this was the first time the idea of behavioral marketing had surfaced.

But as it turned out, those words would lead to the core vision and strategy that transformed Silverpop beyond email marketing and into one of the earliest pioneers of behavioral marketing and customer experience.

In 2006, our business was thriving. Email marketing was one of the hottest growth areas for marketers. So it surprised Silverpop's board of directors somewhat when I approached them with the idea that winning in email marketing might not be winning at all. Even back then, email marketing was starting to be overdone. It had been so successful for marketers that inboxes were getting flooded and buyers and customers were turning away from the channel. I told the board that it was the ideal time for us to evolve and cast a more differentiated vision.

We spent the following few quarters seeking out the next big thing. We looked at mobile, content management, and even deeper analytics, but along the way, we stumbled into what became a central part of our future: business-to-business (B2B) marketing automation. As our strategy thinkers were looking into their long-term crystal balls, our sales team was looking for some practical, near-term solutions to better manage leads.

They had found a small set of software providers that sat on top of our sales automation and customer relationship management (CRM) platform to help capture and nurture leads. As the sales execs were reviewing the vendor options, we all realized that the email marketing

was at the heart of these new B2B marketing automation solutions and that it was something we should probably do ourselves.

It ended up taking us a long time, with more than a few false starts. But in the end we acquired one of the leading B2B vendors, Vtrenz, and used their expertise to create the platform that ultimately redefined our company and even the marketplace: Engage 8. This revolutionary solution was the world's first marketing platform to combine the individual customer journeys of B2B marketing with the incredible scale and content control of business-to-customer (B2C) email marketing.

As Engage 8 hit the market, everyone agreed that we had developed something truly unique. For the first time, marketers could create individualized dialogs with millions of customers, one at a time, in real time. To be honest, it took a year or two for our customers—and even Silverpop itself—to realize the potential of what we had created.

I will never forget the comment made by one of our larger CPG (consumer packaged goods) customers who themselves offered dozens of highly complex customer journeys across email, social websites, and their website: “Silverpop is the best email marketing company in the world.” Although clearly flattering, it also reminded me that the true potential of our platform was still tied to its reputational roots as a channel-specific delivery tool.

It was time for us to take a bold stand and—like the college student who realized he had picked the wrong subjects—to declare a new major. We needed to focus our energies on behavioral marketing and the true future of the marketing profession: customer experience.

In the years following, behavioral marketing was the center of attention at Silverpop. We created features like progressive profiling, send-time-optimization and, the most important of all, our technology to support any kind of customer activity or behavior in real time, which we called universal behaviors. We drank our own champagne and relaunched Silverpop.com. Our website became one of the most

powerful examples of behavioral marketing; as buyers and customers traversed the site, we learned what they were interested in and changed the content to reflect it. Visitors' behaviors also drove and influenced the content we sent them in newsletters. All this was powered by our vision of behavioral marketing and running natively on our Engage 8 platform.

When IBM acquired our company in May of 2014, they cited our behavioral platform and application programming interfaces (APIs) as some of the most compelling reasons to work with us. And now, as part of one of the largest technology companies in the world, we are yet again reinventing what it means to create epic customer experiences.

The future of marketing is being rewritten, and for marketers across the world, there has never been a better time to be in our profession.

The customer revolution that is well underway is about each individual customer having an experience uniquely tailored to his or her needs, interests, and expectations. Audiences, segments, and targets are not going away, but the future of marketing relationships is personal and will reflect and respect each customer's individuality.

Marketers need to interact with customers based on their behaviors. This goes beyond clicks and page visits to include interactions like visiting physical stores, achieving fitness goals, calling customer support, reaching new levels in games, using new product features, installing mobile apps, trialing a software tool, walking by a museum exhibit, posting social comments, reading a blog, and countless others.

Marketers cannot interact with individual customers in batches. But reacting in real time to customer behaviors is just the start. We must also curate content into unique stories for each customer. Analytics must uncover each customer's expectations, preferences, and intent. Ultimately, marketers must define road maps that allow customers to navigate their own unique path at their own pace toward a wide set of individual destinations.

I have had the privilege of working with Dave Walters for over a decade, first as one of Silverpop's most visionary clients and more recently as one of Silverpop's most prolific thought leaders and influencers. The moment he approached me with his idea of a book on behavioral marketing and buyer experiences, I knew he was the right person to translate Silverpop's unique experiences into a story to be shared with marketers across the world. I cannot begin to measure all that I have learned from working with Dave over these many years. I hope each of you reading his book is able to gain as much from his perspective and experiences as I have.

—Bill Nussey
CEO, Silverpop, an IBM Company

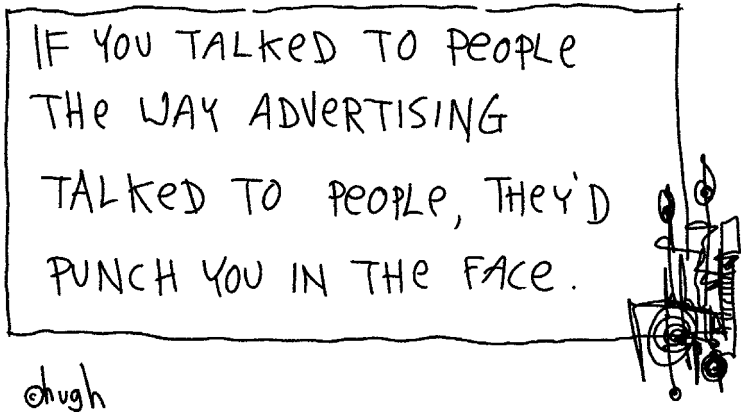
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Professionally, those who have formed my views of marketing and technology for the last 20 years, including Hugh MacLeod, Gary Vaynerchuk, Chris Brogan, Rand Fishkin, Mark Suster, Brad Feld, Tom Tunguz, and Tim Ferris. They think deeply, challenge the norms, share with the world at-scale, and have been responsible for educating a generation of marketers and startup types. We collectively owe them a debt of gratitude that can be repaid by sharing their thinking across social networks and buying their books. The *Hughtrain Manifesto*, the *Thank You Economy* and everything ever written on Tom Tunguz's blog could easily be a master-class-in-a-box for digital marketing.

Finally, to my friends and colleagues at Silverpop—particularly Bill Nussey and Bryan Brown—it has been a joy to be part of the journey to move marketing beyond batch-and-blast to behavior-powered interactions. We started as a strong independent company with more than a decade of marketing tech innovation, and our latest journey as part of IBM's Commerce Group will supercharge our ability to help marketers be more successful and fulfilled in their roles. Here's to another decade of innovation.

And I'll end with my favorite Hugh MacLeod cartoon of all time, which reminds us to keep our marketing thinking human-powered and massively relevant to the individual.



THE BEHAVIORAL MARKETING MANIFESTO

When we talk about how industries change and when new thinking emerges, the concept of a manifesto is one that surfaces often. Whether you're a fan of religious figures like Martin Luther and his 95 theses or your thinking leans more toward the business world's Cluetrain Manifesto, outlining a core set of truths can be a powerful way to set the frame of reference for the next phase of the conversation.

Given that this is the first deep-dive book on behavioral marketing, I thought it'd be valuable to outline 50 of the top-line theories in a quick format that sets the concepts for the rest of the chapters. I've broken the manifesto into 10 key sections ranging from marketing to team to revenue. Think of these as guiding principles, and we'll dive into each of them in much more detail throughout the book. And yes, they're tailor-made for social sharing, should the urge strike you.

Marketing

1. Almost every sale begins with marketing. Get it right, then scale.
2. Marketing is your best chance to frame the buying decision in your favor. Start early.
3. Marketing without a point of view is time and money wasted.
4. There's a human on the other end of every marketing experience. Recognize that.
5. Understand the difference between the science and art of marketing. Be better at both.

Sales

6. A marketer's best friend is a well-informed sales rep.
7. Expect CRM drama between sales and marketing. Solve it with more qualified leads.
8. Sales complains about logging activity, until they close six more deals a month.
9. Sales is comp-driven first, but don't underestimate the roles of team and mission.
10. Done well, great sales informs better marketing—and vice versa.

Customer

11. Your customers will solve their business problems—with or without you.
12. Cherish your existing customer base and build raving fans from day one.
13. Your goal: remain so critical your customers don't even accept competitor calls.
14. Build a core competency in customer listening—and do it closest to your most progressive executive.
15. Your customer's skill set is a broad spectrum: some are at ground zero, some are improving fast, some could teach you.

Prospect

16. Educating prospects is marketing's most important job. Always and forever.
17. If you don't positively articulate your value proposition, your competitors will stack the deck against you.
18. Winning content strategy is built on value exchange. You provide insight, they share data and let you keep competing.

19. Understand the lead source, content-consumption preferences, and behaviors of your best prospects and double down.
20. Choose the best three social destinations for your prospects and engage like your business life depends on it. It does.

Data

21. Data driven is nice, but conversion driven is better.
22. Care more about what your audiences do than what they say.
23. It's marketing's job to figure out how to make sense of all that data. Start now and work it hard.
24. All the data in the world won't gloss over bad customer experience or poor campaign execution.
25. Customer data is like human knowledge—build it from diverse sources over a lifetime with specific goals in mind.

Behaviors

26. One “buy now” button click is worth 100 email opens.
27. Buyer intent is captured in actions, not in words. Sales and marketing should both understand this reality.
28. Behaviors are a marketer's treasure map, defining the path to conversion moments.
29. A great scoring model includes behaviors, demographics, sentiment, and complete objectivity.
30. Factoring your customer experiences for behavior transforms marketing effort into revenue.

Team

31. Hire for potential, and be prepared to mentor your staff to greatness.
32. Build a team and culture that incents and celebrates new-hire referrals from existing employees.

33. Require your marketers to work directly with sales management on program development and reporting.
34. Hire an expert on your marketing platform of choice. Their deep skill enables your success.
35. Develop a strong competency around hiring brilliant 25-year-olds. They're tomorrow's directors and VPs in training.

Company

36. It's your job to educate your executives on marketing. Ignore this at your own peril.
37. Your company has a story. Discover it and anchor your marketing on its principles.
38. No one cares about the constraints you work under. Give 120 percent to every customer experience you tackle.
39. Authenticity and trust are the basis of every great customer relationship.
40. Look beyond your industry for winning marketing tactics. Different is better.

Vendors

41. Trust but verify in the demo phase. Evaluate on end-to-end solutions, not slide ware.
42. Outsource when necessary, but develop your own policies and processes to drive execution.
43. Use agencies to scale your most successful marketing programs while challenging them to develop big ideas.
44. Clearly understand and enforce how your vendors work together to make your marketing better.
45. Cheaper isn't always better. Hire the best thinking your budget can buy, and track ROI like a beast.

Revenue

46. Revenue lift cures almost all ills.
47. If you're ignoring behaviors today, you're missing a huge chunk of income—especially in ecommerce.
48. Every marketing interaction costs money. Being brutally efficient on cost drives top-line revenue.
49. Great marketing makes your customer want to give you money. Don't get in the way.
50. Email open, customer satisfaction, and hold-time key performance indicators (KPIs) are important. Revenue trumps them all.