

Part One

Getting Started With Behavioral Marketing

1 Behavioral Marketing

More Sophisticated Audiences, Smarter Tactics, and Deeper Personalization for All

If you've read this book's foreword (and you definitely should), then you should already have a good idea of the big picture of the market's needs and wants. Put simply, marketing is an ever-evolving discipline—and the latest iterations of that change are powering sales lift and better customer experiences across the entire spectrum.

There's a relatively simple concept behind all this improvement: what someone *does* is critically important in deciding how to reach (and convince) him or her most effectively. Their **behavior**—whether captured during a sales call, or measured at-scale by an activity like a website page visit—represents an incredible moment of insight for the marketer savvy enough to listen closely and act on that information.

Is behavioral marketing the latest fad to wash over the marketing landscape for the next three to four years? The answer is a definite maybe. The customer focus it encourages—and the revenue increase it creates—are the basic underpinnings of epic improvement. So this might be the first title of 1,000 you'll read on the topic.

If it doesn't elevate to fad status, the best outcome ever might be that behavioral marketing simply pervades every corner of traditional marketing. Instead of some overused buzzword that enters the realm of

synergy, it may well become the lens through which we look at everything. If everyone who reads this book upped their own conversion rates by 10 percentage points, we would push an entire industry ever closer to their customers—which is always a good thing.

Dave Who?

Before you commit to reading this entire book, you'll probably want at least some assurances that your author is qualified on the topic (beyond the Wiley-picks-smart-authors factor). I am aware from personal experience that your time as a marketer is massively precious.

I know exactly how crushed you are at work, and that you have eight cross-channel campaigns in production right now, and more than half have outstanding issues that could kill them before they're ever ready to deploy. If you're an email marketer, you've got a template that you've needed to update to mobile for six months but you can't get a designer to stop working on website enhancements long enough. If you're a CRM professional, your sales and marketing colleagues are probably still bickering about what exactly a sales qualified lead (SQL) is, even though they agreed to a definition six months ago. Regardless of what channel you manage—or if you're the chief marketing officer (CMO) or VP orchestrating the entire effort—you work in a warp-speed, high-wire environment in which the difference between a better subject line or tighter audience segmentation could mean the difference between hitting your revenue goals this quarter—or missing them by 20 percent.

I know so much about the marketing drama because I've spent more than 20 years as a digital marketer. It is literally all I've ever done. Oscillating between the agency and corporate worlds has afforded me a view of the first 25 chapters of the story well enough to know there are at least 25 more. I've had marketing performance and staffing pinned to my shirt long enough for year-over-year metrics to be the true success

criteria, and I've had to build new functions and groups out of thin air into productive existence in less than three months.

I've walked the walk inside the halls of huge companies. I was at UPS early in my career as a digital native brought in to scale the competency internally. Most recently, I joined IBM as one of the thought leaders and experts within Silverpop that IBM bought in 2014 to further expand the digital marketing offerings in the IBM Commerce group. I've also consulted with the biggest brands on the planet while working with leading digital agencies like Tribal DDB and Digitas in all areas of marketing including loyalty and retention marketing.

But much of the experience on which I'll base this book is made up of perhaps the coolest aspect of my current job at IBM. I'm what's called an *evangelist*, and my job is to help digital marketers be more successful every single day. I meet with more than 100 marketing groups every year and help solve their biggest challenges. Some days we're very focused on pure marketing tactics that we can accomplish using our technology; but more often it's a larger optimization and orchestration challenge that requires improvement across multiple groups.

I've seen firsthand how the most progressive marketing teams continually reorient themselves around their customers. And the solution that works most often is simply to begin listening more closely to individuals—but also at scale. They pay attention to specific behaviors—sometimes as a stand-alone event, or in combination with other behaviors—and use the information they gather to segment their audiences into smaller and smaller groups. Once those groups are small enough to share major traits like buying propensity, they architect massively relevant communications and offers based on driving the desired outcome.

It's a beautiful thing to watch as a trusted advisor—and this book's goal is to give you the insight necessary to integrate the exact same types of improvement into your own marketing effort. We're going to cover topics far and wide on behavioral marketing—from how to refactor

each of your channels to be more behavioral driven down to how to become a Top 5 brand for your customers. We'll go deep on data capture, hygiene, and critical technology pieces needed to win in this emerging world. And we'll spend lots of time talking about staffing, retaining, and motivating a behavioral-marketing-optimized team.

Why Behavioral Marketing?

The basic reasons for thinking deeply about behavioral marketing are pretty straightforward: (1) it increases your orientation toward the customer; and (2) it requires you to think critically about the relevance and trust that each marketing interaction conveys. When we put ourselves in our customer's shoes through exercises like customer journey mapping and user-centered design, we are able to deliver personalized and relevant experiences. And when we orchestrate a great content strategy during the prepurchase process, we're building the trust necessary to close that big deal.

Furthermore, because there's an entire spectrum of how deeply you can accept behavioral marketing into your marketing practice, you can spread your improvements over time and make measured, positive change. I talk all the time with our customers about **scaling change** into their marketing group. Being more behavioral driven doesn't mean you have to re-engineer every marketing practice on one random Tuesday. If you're an ecommerce operation, then figure out how to improve your cart abandon offer strategy while building new browse abandon automated programs. Improve your welcome campaign, but also do some heavy-duty testing of subject lines in the sale messages that go out to your largest audiences. Dialing improvements across all your campaigns will drive very real increases in your top-line revenue numbers.

If you sell products or services directly to businesses, take an honest look at how well you work with sales. Do your nurture programs

improve the recipient's understanding of the offering well enough to close more sales? Are you scoring interactions across the behavioral spectrum so you can inform a true funnel, from initial lead source all the way to conversion?

If you're like many marketing groups and have both B2C and B2B in play, then think critically about the best-of-breed tactics you could deploy across all your audiences. Some of the most successful B2B programs I've seen have the personalization and strong visuals that are a hallmark of great consumer campaigns. And one of the most important tactics for building a trusted relationship with a consumer is a prepurchase content strategy that scores and ranks recipients throughout the process—exactly like a B2B marketer executes a traditional nurture program.

The best reason to tackle behavioral marketing is that it's an incredibly scalable way to drive more revenue from your marketing efforts. You only have to make minimal changes to show strong revenue-growth potential that pays off even more as you add additional segmentation strategies and automated programs. You can bite off the concepts at almost any level and drive more sales. I'd encourage every marketer to think of behaviors as the new lens for how you look at your entire marketing effort.

Definitions We Should Cover Upfront

In working your way through this book, we're going to cover many behavioral-marketing-oriented ideas and program types. It's likely worth defining a few of these terms so the least experienced marketers reading this don't have to stop in the middle to Google phrases. If you've been in the game for more than three or four years, you can probably skip this section, but a refresher course might also be in order.

So here's a selection of the key concepts I'll be referring to during the rest of the book:

Audience segmentation: The process of splitting your list into many smaller lists based on secondary criteria such as email opens, purchases, or demographic elements.

Automated programs: A setup-once, run-many-times program that sends one or more messages to users based on their behaviors, time in the program, or other measured variable.

Best-friend brand: The process required to become one of the Top 5 trusted brands in your recipient's inbox.

Browse abandon: An automated program that's often a single step and is based on someone visiting a specific site section or stock-keeping unit (SKU).

Cart abandon: An automated program that normally is three steps (typically something like event +1 hour, +2 days, and +4 days) and based on someone placing an item in an online shopping cart but not purchasing it.

Content strategy: The process of creating presale and postpurchase content (think whitepapers or shoe fitting guides) that provide product or company insights to the recipients, and drive a significant source of customer behaviors for the marketer to measure.

Deliverability: The process of managing the delivery of mass email messaging to your recipients via Internet Services Providers (ISPs) like Google or Hotmail.

Triggered message: A one-time automated message that's not sent as part of a multi-user campaign—think of an e-commerce purchase receipt.

Net Promoter[®] Score: A scoring model in which you ask your recipients if they'd recommend your product or service to a friend, and the results are scored on a 1 to 10 scale.

Web Tracking: The process of installing a unique JavaScript line of code to a website or app to identify known and anonymous users and track their behaviors. Beyond traditional web analytics, this tracking allows a marketer to build automated programs triggered by onsite behaviors, email-only behaviors, other channel behaviors, or a combination of all three.

Behavioral Marketing Campaigns You've Seen in Everyday Life

The other very clear way to define behavioral marketing is to point to individual campaigns you've seen in your own inbox or customer experiences you've had with your favorite brands. Among the most common pure behavioral-driven email campaigns is the trusty cart abandon program. I'll tell the entire story around this example in Chapter 15, but Figure 1.1 is a great example of cart abandon content. It's 100 percent based on my shopping activity, it's time driven based on when I carted the item, and a subsequent communication had a promotional offer as a last resort to get me to buy. If you sell items via the web, this is almost a must-do tactic.

The other triggered message you'll often see if you use a lot of social networks focuses on building your on-site network. When the site wants you to match an address book contact to your on-site network, there's often a message that looks like the Foursquare one in Figure 1.2—relatively simple and straightforward with a single call to action. Conversely, some apps and brands use triggered email as a means to let you know that one of your contacts (matched from your phone) or your Facebook friends has joined that specific site and you should connect your profiles.

Another non-email version of behavioral marketing you've probably seen involves interactive voice response (IVR) systems at your utility companies—in my case, Comcast. When I dial into the 800 number,

David, Just a friendly reminder that you still have items in your cart.
Can't see images? [View online](#)




Luggage Handbags Accessories Business Backpacks Sports eBags Brand **Sale**

eBags
REWARD POINTS Remember you earn 5% back in eBags Reward Points on every purchase!

Continue Checkout

Product Description	Item Price	Quantity	Total
 Wildkin Princess Sleep Mat Princess	\$59.99	1	\$59.99


David, complete this order to earn \$3.00 in Rewards points!

Shopping Cart Total
Sub Total: \$59.99
Continue Checkout

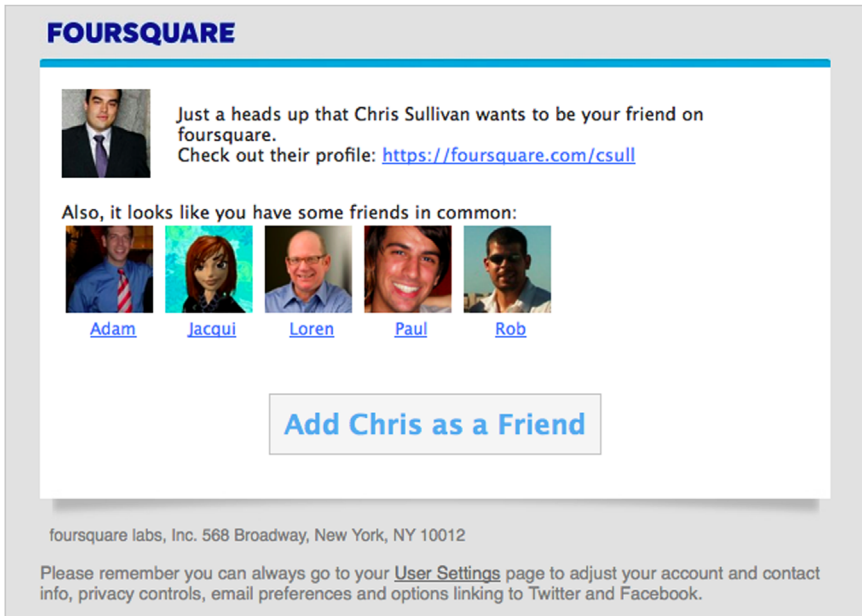
Hi David,
Based on the items in your cart, we found some other things you might like...




Figure 1.1 Cart Abandon Content

the system automatically recognizes me by name and confirms the last four digits of my phone number on file. It then offers me the next pay-per-view event by simply selecting a number on the keypad. And if I end up talking with a representative, then the process of confirming my identity is simply a matter of confirming my street address.






This takes into account everything Comcast knows about me from an account perspective, offers me a purchase opportunity, and streamlines my customer service event—all in a single, intuitive flow. By surfacing this knowledge directly into the IVR, they speed the entire experience and even have a chance at booking some bonus increase in revenue.



FOURSQUARE

 Just a heads up that Chris Sullivan wants to be your friend on foursquare.
Check out their profile: <https://foursquare.com/csull>

Also, it looks like you have some friends in common:

 [Adam](#)  [Jacqui](#)  [Loren](#)  [Paul](#)  [Rob](#)

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foursquare labs, Inc. 568 Broadway, New York, NY 10012

Please remember you can always go to your [User Settings](#) page to adjust your account and contact info, privacy controls, email preferences and options linking to Twitter and Facebook.

Figure 1.2 Foursquare Message with a Simple Call to Action

And finally, let's look at a completely different behavioral marketing tactic that's wrapped in a financial product. Every time I shop at Target, an employee offers me one of their Target Red debit cards—a card product tied to your bank account just like a traditional bank debit card would be, but with a 5 percent discount on everything in the store. How can they afford to do this? Beyond reinforcing Target as your retailer of choice by seeing that red bulls eye logo every time you open your wallet, there's a critical amount of data flowing over that card.

Their ability to identify you as a unique individual—and track all your purchases over time by department, by time of day, and so forth—allows Target to build incredibly specific, data-driven personas they can act on from a marketing perspective. They might send out four different versions of a flyer—baby items, electronics, home furnishings, and toys—and some percentage of the audience is going to get one of

these specialty versions if they have sufficient data to show they belong in that segment. The rest will receive a nonspecialized version of the same flyer.

Interestingly enough, I've never signed up for the Target card because I actually choose my bank based on the fact that they have a debit card product that earns me Delta Sky Miles (this will not surprise you in the least by the time you finish this book). At the same time, I **do** have one from Nordstrom Rack based on the significant value proposition they deliver, including \$5 birthday coupons, early access to certain sales, and other benefits like free alterations. I'm willing to exchange the risk of allowing a nonbanking entity link to my bank account in exchange for the solid value proposition they offer. This, by itself, is an excellent behavior that the Nordstrom marketing team can factor into all kinds of audience segmentations they want to turn on.

These examples show that behavioral marketing is all around us every day—and that determining how to integrate it into your marketing approach isn't rocket science. It requires putting yourself in your customer's shoes, and being data driven enough to be able to listen at scale and deliver personalized messages based on what you know.

In fact, I know marketers whose extent of behavioral marketing is to resend every wide-scale email message to the nonopening segment exactly 24 hours after sending the first message, but with a different subject line the second time. If 20 percent of recipients open the first message, then the day-after audience is 80 percent of the original list, and the second version they get (with a new subject line) drives another 8–10 percent of opens that time around.

That's the beginning of an epic behavioral-marketing-driven approach, and if every marketer reading this book looked for one small strategy like that to execute, we'd all be on an awesome improvement path.

Relevance Trumps Privacy under 35—Every. Single. Time.

One of the themes you'll notice throughout the book is the concept of being data driven. This can be a source of concern for marketers, especially as you get into European Union countries with much more restrictive laws, or if you're focusing on a marketer's ability to build a purchase history like the debit cards we discussed earlier can provide. Although there certainly are legal guardrails you need to know and follow—think HIPAA for the healthcare industry (the federal Health Insurance Portability and Accountability Act) or COPPA (Children's Online Privacy Protection Act) for marketing to children under age 13—you should think about your audience as either above or below 35.

If your main audience is under 35, you should pretty much delete the concept of privacy from your vernacular. Although this might sound aggressive, those generations are usually more than comfortable exchanging privacy for a more relevant experience. My Nordstrom debit card is the exact evidence of this phenomenon (although I'm admittedly a couple of years past 35).

However, if you're marketing to AARP-age people, then I recommend almost the opposite. You should ratchet down the obvious manifestation of data-driven communications. Avoid messages like "We saw you stopped by the website." Your audience doesn't give you a pass to ignore behavioral marketing. In fact, you might have to work a little harder to better inform your audience segmentation models and do more behind the scenes.

And if your audience is in the middle age-wise, you should proceed with caution. Think deeply about their motivations, communication preferences, and how other high-profile brands are marketing to them when developing your approach. Keep it mostly low-key—but don't be afraid to be aggressive with dynamic content as the audience segments get progressively smaller.

If you can isolate your ecommerce audience down to those who have spent more than \$1,000 at your site over the last six months and they open 80 percent of all your communications, then experiment with highly personalized offers that are clearly focused on “Our Best Customers.” Exploring the correlation between behavior and purchases is a great area for marketers to experiment with.

Conclusion

As we get started on this behavioral-marketing journey, I’m going to offer a few hints:

1. Remember you can tackle this at your own pace.
2. Focusing on behaviors makes your marketing more about your customer’s needs than it is today.
3. More behavioral marketing equals more revenue or a better-informed recipient in almost every case I’ve ever seen.
4. Making more money and/or happier customers gets you promoted *fast*.

So keep an open mind and look for ways to improve your current programs. And ask yourself how many new segments you could define within your audience, and how you’d structure a communications strategy for each. These simple first questions based on a broader way of thinking about marketing will lead you in the right direction—and the success you uncover will be the fire that keeps you going.