

Take the Right Trails

Channel strategies for reactivation efforts

Marketers using traditional customer reactivation strategies are struggling to deliver the results they once did. Drastic cutbacks in consumer spending and channel fragmentation have dampened reactivation efforts, forcing marketers to develop new approaches to maximize outreach to lapsed customers. Today's innovators are leveraging customer data, analytical tools and new customer touchpoints to fuel their remarketing efforts with dramatic results.

Start With the Basics

The fundamentals of remarketing haven't changed. Identify best customers and the attributes that make them the best. Analyze purchasing trends, patronage patterns and channel usage to illuminate key behavioral characteristics of the ideal reactivation candidates.

But don't stop there. Demographics, wealth data and online/offline transactional information should be used to enrich the customer profile. This data helps assess how former customers are spending their time and money today. In addition, this information is critical for assessing the value of former customers who had sparse purchase histories but may still be good candidates.

Last, match these reactivation profiles against dormant customer files to "pop" the segments most likely to yield a profitable level of response.

Reactivation efforts most often are targeted at customers who have not shopped or purchased in the last year or more. While these consumers

may not be shopping with you, they are buying from someone. In today's fragmented marketplace, it can be difficult to determine from which channels and companies they are buying. Online purchasing increases annually, and in many cases, e-commerce operations have weathered current market conditions better than brick-and-mortar locations. Understanding former customers' online and offline shopping and purchase behaviors helps marketers with prospecting. Marketing analysts can overlay actual and modeled data to determine the best sales channels on which to focus for reactivation campaigns.

Reactivation Rundown

Reactivation is a form of advanced prospecting. By applying predictive scores to dormant customer files before fielding a reactivation campaign, resources can be prioritized toward those households with the greatest likelihood of response.

A good reactivation strategy encompasses not only who to target, but how to target them. In today's multichannel environment, far greater opportunities to blend print and digital media into an optimum delivery stream for each target segment exist. For example, leads might be generated via a print mail campaign. These leads might then be further qualified using lead scoring and either prioritized for rapid follow-up by phone for high potentials or routed to an e-mail lead-nurturing program for less qualified candidates. This blended approach can yield more profitable

results than multiple print mailings and greater response than e-mail-only tactics. Marketers should choose the medium that optimizes reach and response, according to budget.

Online Engagement

With much of the consumer population now online, digital marketing can help reach high-value, niche segments, influence buyers, and create product and brand awareness. Let's take a look at how various online media fit into reactivation plans:

Search Marketing: Paid search was the top online marketing channel used during the 2008 holiday season for driving Web site purchases, and it's expected to increase year over year. Search has a place in reactivation strategies for broad consumer products marketers who lack large customer databases. Specifically, marketers can purchase search terms that target core audience segments. While not a personalized approach, search helps remind former customers of brand and products with a "try us again" message.

E-mail Marketing: E-mail is second only to paid search among online marketing channels that attract the most paying customers, who ultimately made purchases using a Web site. In 2008, 60 percent of merchants reported an intention to increase the frequency of promotional e-mails in the future.

E-mail marketing is an ideal tactic for reactivation campaigns, when marketers have a viable address and permission

(continued on page 26)

(continued from page 25)

to use it. It's appropriate for nurturing campaigns—periodically reaching out to customers and former customers with news, information and promotions to generate response and develop a deeper relationship. An e-mail address represents a valuable touchpoint, and it often makes sense to spend more up front to acquire the e-mail. In this case, using direct mail or other response mechanisms to launch a campaign may be more costly initially, but that expense can be defrayed through future use of lower-cost e-mail messaging.

Social Media: According to industry research, nearly half of the online population has used a social network site, and these users are more likely to buy online compared to the rest of the population. In fact, 35 percent of visitors to social networking sites like Facebook and MySpace reported making online purchases in the prior 30 days. This data suggests that social media is an emerging tool for reactivation campaigns.

Online consumers use these sites to learn about the latest gifts, gadgets, shopping tips and sales. They also engage in robust conversation about customer service—or lack thereof.

Marketers who deliver valuable content via these sites engage customers and influence prospects. For example, marketers can announce new offers, sales and special promotions dates and locations—and target them to former customers. Remember to visually distinguish the forward-to-a-friend and post-to-social networking functionalities within all e-mails.

Mobile Marketing: The mobile advertising industry, while still in its infancy, is expected to grow exponentially over the next five years. Text messaging is the dominant form of mobile advertising today; however, smartphone use is on the rise with 20 percent of consumers now using their phones for e-mail and 19 percent accessing the Internet on the go. In recent research, more than one-third of consumers who

spend an hour or more online per week reported interest in receiving ads via their mobile devices, provided they included tangible incentives.

The most desired incentives delivered via mobile marketing are cash, free movie passes and products, and discounts off mobile phone bills. And, for convenience-based marketers, marrying personalized incentives with locational awareness (serving a coupon when the consumer is in the neighborhood) offers a unique reactivation tool. When promo incentives are an appropriate tactic for reactivation, the mobile phone soon will be an ideal marketing platform.

Using Predictive Scoring

Underlying traditional offline marketing and innovative, new online reactivation approaches is a requirement for a clear view of your company's best customers. While it is possible, and sometimes economical, to target all former customers, it's more often the case that a well-honed marketing campaign targeting high-value or niche segments produces the best financial results.

Predictive scoring is a key to effective targeting. And the array of consumer and digital data sources provides new fuel for these analytics. Focus on predicting who will respond, and then determine the best channel and sequence for the message.

Build New Relationships

A reactivation strategy should include follow-up plans and next steps as well as an outline with how often customers would like to receive communication. A series of actions for dealing with issues such as abandoned carts online and increasing foot traffic conversion rates also should be built in. Lastly, update files with new customer information and data to ensure future campaigns maximize the information available. ■

Keith Peterson is the senior vice president of the data division of Experian Marketing Services, a global provider of information, analytical tools and marketing solutions. He can be reached at keith.peterson@experian.com.

Commerce Register, Inc.

“A Partnership”



At Commerce Register we not only work **for** you, but **with** you. We have been helping our clients reach and surpass their direct marketing goals since 1978.

- | | |
|--------------------------------|-------------------------------|
| Postal List Rental Fullfilment | Email List Rental Fullfilment |
| Postal Merge-Purge | Email Broadcasting |
| Modeling / List Regression | Custom Database Solutions |

Contact us today to learn more about what our many years of service bureau expertise can do for you!

*Commerce Register, Inc. 190 Godwin Ave Midland Park, NJ 07432
phone (201) 445-3000 - email = info@comreginc.com*

Visit www.targetmarketingmag.com/infocenter