

MAKE

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IT ALL

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ABOUT

LEVERAGING
OMNICHANNEL AND AI
FOR MARKETING SUCCESS

ME





INTRODUCTION TO THE BOOK

DEBBIE GETS READY FOR THE PARTY

Debbie didn't know what to wear next Saturday for Christine's birthday party. She took out her mobile, opened Instagram and found in her feed a cool look made by one of the new stylists from Nordstrom. It pictured a beautiful girl wearing a skirt, a shirt and a belt. When she clicked the post, she was linked to the products on the Nordstrom website, where she downloaded the app and signed up.

Debbie decided to give the three items from the look a chance so she added them to her wishlist and clicked 'reserve'. She hadn't tried this feature before, so she wasn't sure what to expect. A confirmation note promised her that a sales associate would get the items ready for her within two hours.

Half an hour later she received a notification from Nordstrom that the products were ready for her to try on at her local store. When she approached the store, she received another notification, giving her more precise instructions on where to go to find her reservation. But, when she tried on the items, it was clear to her that she still didn't know what to wear next Saturday.

A few days later she got a notification on the app encouraging her to try out the new 'style boards' that Nordstrom offered. She only had to answer a few questions about her style and preferences so this seemed like less of a commitment than having a real personal shopper. Saturday was approaching, and she had to think of something soon.

Later that day she was notified that her stylist had put together a style board just for her. Viewing it in the app, she was quite impressed. There were definitely some great suggestions. As she already had a skirt that would match the suggested shirt, and since she was familiar with this brand's sizes, she decided to purchase the shirt right away and pick it up immediately. She didn't even have to enter the store – a staff member brought it to her right there in the car while she waited. Now she was ready for Saturday, and she'd definitely be shopping with Nordstrom again!

A FICTIONAL STORY THAT COULD BE TRUE

Debbie's story, as described above, is fictional – but not unfeasible. Nordstrom, being one of the most technically advanced department stores in the world, has already implemented technology¹ that supports all parts of this small narrative. Apart from this, Nordstrom is investing heavily in other parts of its omnichannel strategy – in terms of advanced supply chain optimization, new store formats requiring less real estate space (Nordstrom Local), turning data analytics into personalization at scale and consistently training its employees in using all this technology to 'help customers express their style'. Nordstrom wants to win by combining the best of the physical and the digital areas of shopping, all with the aim of becoming the best fashion retailer. As the title of this book suggests – they're making it all about the customer.

As Nordstrom reported at its investor day² in July 2018, customers who engage with Nordstrom's digital features – such as reserve in-store, 'click'n'collect' (also known as BOPIS, or buy online and pick up in-store), style boards and stylists – spend between two and five times as much as the average customer. This tendency is backed up by a *Harvard Business Review* study³ from 2017 that shows how omnichannel customers spend 4-10% more on their first purchase and place 23% more repeat orders within a year.



On a broader level, the Boston Consulting Group states that leaders within personalization show two to three times faster growth than average companies:

Over the next five years in three sectors alone – retail, health care, and financial services – personalization will push a revenue shift of some \$800 billion to the 15% of companies that get it right.⁴

The Boston Consulting Group goes on to describe its view of the path to success:

For incumbents to defend – and expand – share, they need to reimagine their business with an individualized value proposition at the core, merging physical and digital experiences to deepen their customer connections. They need to put brand individualization at the forefront of their strategy agenda to influence everything that they do, including marketing, operations, merchandising, and product development.⁵

Nordstrom is not alone in investing in an omnichannel strategy. A study from the second half of 2017 by Brightpearl, “The State of Omnichannel Retail”, states that as many as 91% of the retailers surveyed already had either an omnichannel strategy or a plan to invest in omnichannel, while 87% of them agreed that omnichannel was critical or very important for them.⁶ However, only 8% indicated that they had mastered omnichannel. That’s what we call a large execution gap!

Retailers are under heavy pressure from international pure-play e-commerce giants such as Amazon.com and Alibaba.com. Amazon is already the biggest player in e-commerce – it is a heavy-hitter in terms of convenience and service. From the East come JD.com and Alibaba.com,

with Chinese-government-backed business and goods at a fraction of the price.

Consumers today do not distinguish between e-commerce and commerce. Nor do they care whether they buy from a local company or not – and it is not even certain that they will notice if they haven't. They expect a seamless experience when they switch between digital and physical sales and between communication channels, and they get annoyed when companies send them irrelevant offers that do not take account of the history they have with the company.

Consumers are ready to give up data, and to a certain extent privacy, in favour of convenience and financial benefits. That is where the opportunity lies. Companies will have to seize this opportunity. It starts with building up loyal customer bases, where the companies themselves collect and process data. Companies can then control how the data will be used to create a better, more relevant and welcoming experience for their customers – both on online channels and in the physical store, as well as when customers come to them and when they reach out to the customers.

But this will require a fundamental transformation on the part of businesses: a conversion involving business models, organization and technology. That is what this book is all about.



THIS BOOK ...

... is a suggestion of how to leverage omnichannel and AI (artificial intelligence) for marketing and business success. We believe that the chief marketing officer is well equipped for leading organizations in the omnichannel transformation that is needed. Marketing and business success therefore go hand in hand.

On the basis of our experience in this field, input from more than 100 specialists within the industry, and the latest articles and literature, we have developed the Omnichannel Hexagon as a model for gauging omnichannel maturity. The hexagon provides a framework for targeting your marketing efforts and ensuring that every step you take is a step closer to continuously improving the customer experience without sacrificing profitability.

This book will present the six disciplines to master and how to manage them in a more customer-centric manner. You will get an overview of how far along your organization is in working with omnichannel, and what barriers might impede your further progress in it.

You can match your company with the four archetypal types of omnichannel maturity and find help with formulating a strategy for furthering the process. In addition, the model will serve as a litmus test of whether and how you should organize your next project, and which factors you should take into account to really bring you closer to the best possible and most profitable customer experience.

Each chapter in this book corresponds to one of the six disciplines in the Omnichannel Hexagon, introducing central themes for the discipline being discussed. The goal

is to provide insights into the relationships between the themes and disciplines, and the optimal, most profitable customer experience.

To help demystify omnichannel marketing, each chapter opens with an example that focuses on the discipline in question. These narratives are fictional stories inspired by both articles and dialogue with the companies depicted – they are by no means intended to be accurate representations of reality but merely sources of inspiration.

A similar disclaimer is important to make with regards to legal topics that we are touching upon in the book. The tactics mentioned are by no means guaranteed to be considered legal by all worldwide legislations. Consult a legal advisor with expertise in local legislation before you do anything too hasty.

We wish you a profitable reading experience.

Rasmus Houliind and Colin Shearer,
June 2019



TOWARDS AN OMNICHANNEL TRANSFORMATION

In the business world today, we are seeing companies moving on from the initial hype and enthusiasm for new technology and communication channels to a place where they can start to apply these powerful technologies and communication channels with a razor-sharp focus on winning more customers and keeping them profitable.

To put it briefly, we are seeing more and more companies moving from a sales-oriented multichannel focus to an omnichannel focus where customer profitability and customer loyalty are at the heart of all major decisions. There is more on those topics below.

Digital hype and excitement

Needless to say, the advent of digital brought tremendous initial excitement. Marketers suddenly had an ever-increasing array of new communication channels and digital tools at their disposal. The first questions were naturally around how all of these new tools worked. What could marketers now achieve? How could they better accomplish the goals that they were already working towards?

From multichannel to omnichannel

Within marketing this led to multichannel marketing, which is the ability to use multiple communication channels in marketing and sales. Seen from a contemporary standpoint, there was a tendency for marketing functions to copy traditional marketing mechanisms over to the – at that time – new digital channels. As an end customer you would meet the same campaign everywhere – but it wouldn't

take into account the totality of your personal history with each company.

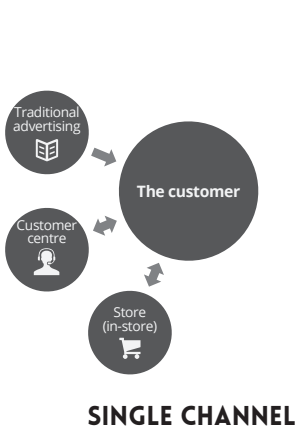
In pure multichannel marketing, data can be collected and used within each channel to at most suboptimize the performance for precisely that channel. There are no incentives for anything else, at least not for the individual employee. Multichannel focuses on the individual communication channels, which can be great for building a really good app or a website. But, when it comes to integrating the channels, challenges arise.

Cross-channel marketing is the stepping stone between multichannel and omnichannel. The fundamental difference between multi- and cross-channel marketing lies in the use of data. In cross-channel marketing, there is a recognition that the customer will switch channels many times on a purchasing journey. Channel managers are encouraged to obtain data from other channels, since broader data will create better results for personalization and segmentation. But at this stage the customer-centric organization is not yet in place, so silos are still strong, with internal rivalry and suboptimizing of 'non-customer-centric' objectives, tools and data silos.

Omnichannel is the next level of marketing, where the entire organization has accustomed itself to the fact that customers' buying decisions are not linear. In principle, every communication channel is bidirectional and data is gathered and stored by organizations for use in later interactions via all other communication channels – hence the prefix 'omni'. In practice, the customer service centre knows immediately if the customer it has on the line is one who opens their email and has recently been logged in; it also knows what the customer has previously purchased, both online and in-store. There is no channel conflict, and the employees are not biased to push the customer



in a particular direction but are able to help the customer on the purchasing journey in an open and well-informed way. All outbound communications are also tailored on the basis of customers' previous interactions with the company, as well as their stated or deduced interests and preferences. All together this maximizes the relevance for each customer – and thus gets them to buy earlier, more and more often, and to tell their friends about their positive experience.



As the description of omnichannel above clearly indicates, omnichannel success takes a more profound effort from the whole organization and entails moving far beyond simply ‘going digital’.

Throughout this book, we will refer to both sales and communication channels simply as ‘channels’. When we refer to ‘omnichannel marketing’, we will be referring specifically to the discipline of personalizing customer communication across all channels, whereas when we refer to ‘omnichannel’ in general, it will cover both omnichannel marketing and omnichannel commerce.

Omnichannel is for all industries

Even though retailers and consumer-based retail brands have been quick to embrace omnichannel as a concept, the term is by no means exclusive to these types of business. Just because a certain business doesn’t have physical products or stores doesn’t mean that customers limit themselves to one single communication or sales channel in their search, or when they are looking for after-sales service. Getting omnichannel right as a retail business requires a lot of supply chain and inventory management – something that other industries may not need to do. To make this book widely applicable, we have deliberately chosen not to cover the entire supply chain discussion but instead focus on the communication and data aspects.

Beyond a digital transformation

Exploring new tools and how digital could enhance all kinds of functions within enterprises led to heavy debate around digital transformation. How should companies embrace digital technology to support existing business processes and to innovate and invent new business models?



The odds are that by now:

- Your organization has an established presence in relevant digital and social channels.
- You are on your third-generation (or *N*th-generation) website.
- You are doing email marketing.
- You have experimented with personalization in most communication channels.
- You are using ad-spend on programmatic advertising.
- You are thinking about digital in the way you develop your products and services.
- You are using business intelligence to provide numbers and forecasts as well as support procurement.

So, although things could potentially continue in this way, and you haven't yet exhaustively explored what all technology can do for every part of your business, it's already time to refocus and enter into what we call an omnichannel transformation.

Customer expectations call for an omnichannel transformation

Another significant business trend that stresses the need for an omnichannel transformation can be summed up as 'the Age of the Customer'⁷ or 'B2Me'⁸. At its core, this is all about putting the customers and their expectations of individual treatment first, reaching them with a relevant product or a personalized message, and doing so at precisely the right time.

The idea of accommodating customer needs on a one-to-one basis is nothing new. In 1993, authors Don Peppers and Martha Rogers wrote their book *The One-to-One Future*, which has since then become famous for its foresight.⁹ Their point was that it was about time that companies started to define themselves as customer-centric instead of being obsessed

with the silos of sales channels and products. “Why now?” you might ask.

According to Jim Blasingame, the author of *The Age of the Customer*¹⁰, since 2015 the digital revolution has led to a game-changing shift in the control of the buying process. The power has shifted towards the consumer since product availability is abundant, the next vendor is never too far away on the internet, all content regarding a product is available in a multitude of places and so are other customers’ opinions about this product. Furthermore, it’s extremely easy to share both positive and negative experiences and opinions for future customers to see.

This forces businesses to refocus on the customer instead of on their sales channels or on the infinite number of vendors out there promising gold will rain down from the sky if only customers buy their new product.

The digital revolution has brought with it the temptation of a vast array of opportunities. It’s time to refocus and make sure that marketers are looking in the right direction, namely towards the customer – all the while applying technology and business insights to help stay on course.

The omnichannel transformation

The transformation into the new omnichannel paradigm implies a profound change within not only marketing but also many other parts of the business.

CEOs need to support and play a central role in changing existing ways of working, not only within marketing and sales but also within data analytics, retail and even HR.



And, even if throughout the organization things are in place for omnichannel marketing, you won't be able to make all communication relevant to everybody all the time. You will never get to a point where you have a complete customer database; you will never have enough data on all your customers, nor all the content you need to always be relevant to everyone. This means that you can't suddenly abandon your one-size-fits-all campaigns. They have to live on.

For most companies, an omnichannel transformation means rebuilding the aircraft while flying it. And, if you aren't given any extra resources, it will be the same people flying the aircraft as those who are rebuilding it.

But in time your entire organization will become customer-centric. It will have a large known customer base, numerous AI models, and vast amounts of content and automated communications going out to the right customers at the right time. Your in-store personnel and customer service agents will be trained and equipped with tools that bridge the gaps between sales and communication channels alike so that customers – for the most part – are met with relevant communication.

That's when the transformation will be complete.

A tool for the marketer

This book is a tool for you, the marketer, to help you steer your organization into a new omnichannel world. To make this tool as comprehensible as possible, we've created the Omnichannel Hexagon as a maturity model to guide you through the transformation. Read on to learn more.

THE OMNICHANNEL HEXAGON

The Omnichannel Hexagon is the main model used in this book. It is a concentration of all the features that span communication and sales channels alike and thus need to be addressed in order to succeed with omnichannel marketing. Since the model is flavoured by neither communication-channel-specific nor department-specific lingo, it provides a neutral language within which you and your colleagues can discuss omnichannel important topics.

The objective of the Omnichannel Hexagon

The objective of the Omnichannel Hexagon is to provide a method to address and assess progress with omnichannel. It will provide your business with a better overview of your journey to omnichannel marketing and what your priorities should be. By mapping your company's position on the model and comparing it with your competitors', it will be apparent where your primary efforts are needed and in which direction you should be moving.

The Omnichannel Hexagon can also help you to secure appropriate resources and the necessary budget from top management. It can be used in management workshops in which different parts of the organization indicate their view on the progress to omnichannel. Talking about the Omnichannel Hexagon and the related disciplines stimulates a change of attitude that will make it easier to work towards omnichannel as a common goal. Read more about this in Chapter 6.

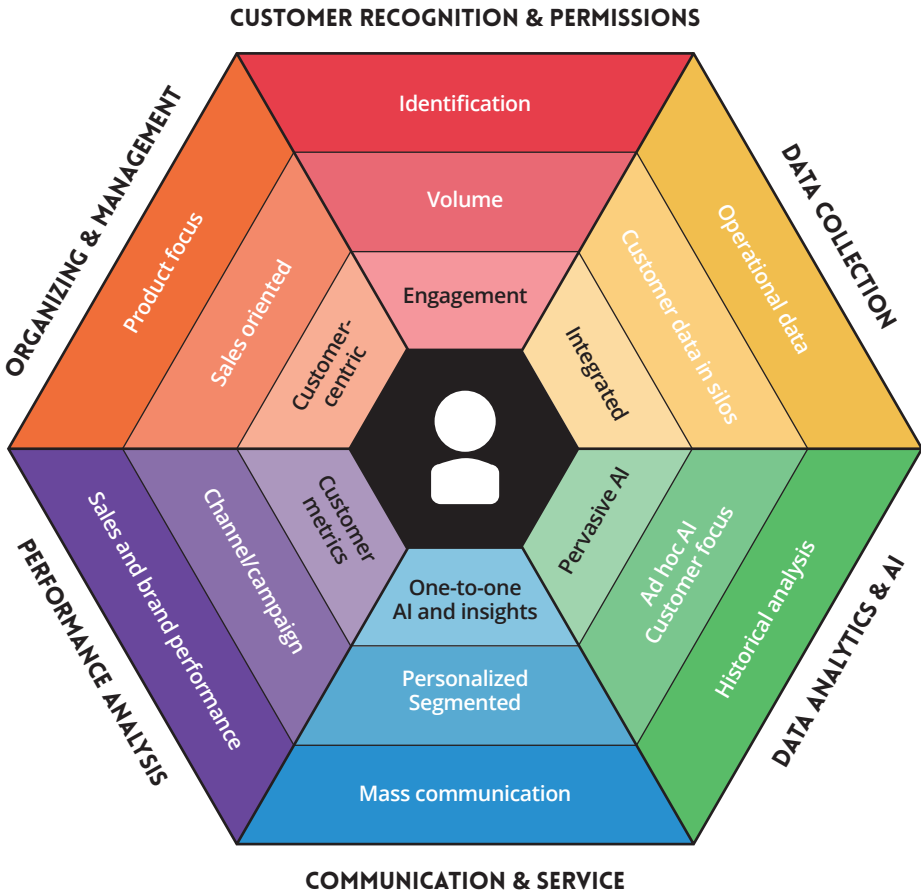
The six disciplines

In order to conduct omnichannel marketing effectively and efficiently, there are six disciplines that you and your business



should cultivate to an ever more customer-oriented and sophisticated degree. The disciplines are as follows:

- **Customer recognition and permissions:** The more customers you can recognize across channels and reach out to on your own initiative, the greater the total impact and profitability through personalization you will have, and the less expenditure for exposure on paid media.
- **Data collection:** Data is your company's memory of every single customer and the prerequisite for becoming more relevant in your communication and service. Customer data must be collected systematically and integrated to provide a comprehensive picture of each customer.
- **Data analytics and AI:** Artificial intelligence and predictive analytics provide granular insight into correlations between data and desirable and undesirable customer behaviour. This insight constitutes the treatment of each individual customer as well as the prioritization and estimation of the impact of new omnichannel efforts.
- **Communication and service:** Data and insights are worth nothing, if they aren't being used. Leverage insights from data analytics to develop and deliver the right communication and service to each individual customer at the right time in the right channel. By doing so you acknowledge your history with each customer, both when you turn to your customers and when they come to you.
- **Performance analysis:** If you want to develop a customer-centric organization and measure its success, then you need to monitor metrics that you are not used to. You should incorporate customer metrics in your performance analysis and not just focus on individual channels and campaigns.
- **Organizing and management:** Organization and incentive structures should support optimal customer servicing across channels. Otherwise, individual agendas and targets will quickly block your way to omnichannel. Your business must also possess the right culture, skills and tools.



These six disciplines are applicable across all channels. For example, when you assess your company’s maturity in Communication & Service, the questions and the answers are relevant for all channels. Maturity is measured from the outside in, understood in the sense that you need to start with assessing whether your business meets the criteria in the outermost ring and then move one level inward towards the centre. Most companies will, at minimum, be in the outermost ring for each discipline.



The disciplines have no fixed order, but in many cases it will be difficult to fully master one discipline without having a certain maturity in another. For example, it makes little sense to do Data Analytics & AI without being fairly sophisticated in Data Collection. It is also difficult to be really relevant in your communication without being able to recognize the customer and have a certain amount of data. The goal is to move slowly inwards across the disciplines, while the interplay among channels and organizational entities is created, preserved and strengthened.

Why is the product not included in the Omnichannel Hexagon?

We've been asked a number of times why the product is not included as a separate discipline in the Omnichannel Hexagon. There are several reasons for this.

First, there are differences in how centred a company is around a single product or a single joint service. Some companies will indeed have one core service that their business will be built around, while others will have many products. In the latter case, it will be more about selecting the right products for each customer than developing the product itself.

Second, some of our readers do not have the opportunity to change the product or service itself to any significant extent. Therefore, having a separate discipline for the product would not be relevant to all.

However, the six disciplines can be used to develop products. For instance, companies should be using the Data Collection and Data Analytics & AI disciplines to better understand their customers and gain insight into their needs.

Communication and service are a big part of the product experience

It is a fact that the perceived value of a product can be significantly affected by the Communication & Service discipline. For example, a customer sees a ring in a shop. The ring has some natural value in that it is beautiful and made of quality materials. But the perceived value can be enhanced if the customer is presented with communication that supports a narrative about the ring, the designer's thoughts on the piece, its artisanal qualities, etc. This provides a better (and perhaps different) experience of the product's value and increases the impact of word-of-mouth and storytelling about the brand. The product, or at least the product experience, is to some extent contained in the Communication & Service discipline.

Why is the brand not included in the Omnichannel Hexagon?

The Omnichannel Hexagon and omnichannel marketing in general will be pointless to employ if the starting point, i.e. the brand, service or price point, is not attractive in itself. The Omnichannel Hexagon takes for granted that your brand understands or speaks to the right emotional values that create an interest and are relevant to your customers. Omnichannel is primarily an enabler, i.e. a way to perform better on an already known and functioning foundation. That is why the brand is not included as a discipline in the model.

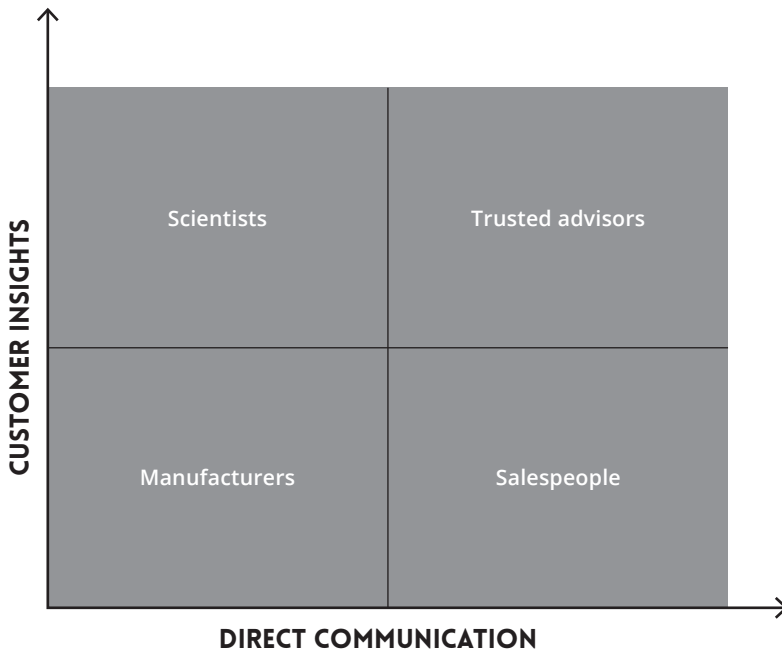
However, good execution of omnichannel can greatly impact perception of the brand. Customers will adopt a more positive view of your brand when they learn that your company does not forget their history as they switch from one communication channel to another and when they are consistently met with relevant and timely communication, whether they are interacting with the brand in the physical store or through one of the many digital channels.



The four omnichannel archetypes

Since 2015, when Rasmus Houliind launched the first version of the Omnichannel Hexagon, more than 800 companies have used the original online benchmark tool to assess their omnichannel maturity.

During the data-investigation process, together with the Networked Business Initiative (NBI) and Copenhagen-based PhD in Maturity Models, Lester Lasrado, it became clear that maturity within certain disciplines correlated to a significant degree. This led us to define the following archetypes within omnichannel maturity. The archetypes can help to describe certain states but, more importantly, they set a direction towards omnichannel success, which is where the company takes on the role of a trusted advisor in the eyes of customers.



On the X-axis, you can execute direct communication towards customers across communication channels. Companies that excel on this axis are the ones who are fairly mature in the two disciplines of Customer Recognition & Permissions and Communication & Service.

On the Y-axis, you have the degree to which an organization can derive insights from customer behaviour. Companies that excel on the Y-axis are fairly mature in Data Collection and Data Analytics & AI.

The top-right corner represents organizations that are good at communicating directly with customers across channels based on customer insights. In general, it is not possible to achieve the top-right position in the matrix without also being mature in the two disciplines of Organizing & Management and Performance Analysis.

The Manufacturers

Companies that fit the Manufacturer archetype have indirect communications with their end customers and don't record much of their data. Maturity within the Omnichannel Hexagon will generally be low for such companies across all six disciplines. In this archetype we find product-oriented companies that resell their products without ever meeting the end customer one to one. Evolving from this archetype requires a tremendous transformation on all levels. Connections with end customers need to be established if the company wishes to become omnichannel to any degree.

The Scientists

Companies that fit the Scientist archetype generally score well in both Data Collection and Data Analytics & AI, but poorly in Customer Recognition & Permissions and Communication & Service. While these companies do not use analytics to



improve communications to and servicing of customers, they do employ insights derived from research and development analytics to improve their core product. These companies tend to be very technologically driven and are often seen building hardware products. For these companies to become more omnichannel, their marketing teams need to take advantage of all the wonderful data that is at their disposal – proactively turning average customer experiences into delightful ones.

The Salespeople

Companies within this archetype generally score well in Customer Recognition & Permissions and Communication & Service, but poorly in Data Collection and Data Analytics & AI. While permission and consent may have been gathered, this will primarily have been done for the purpose of moving from paid media advertising into owned media such as email-, web-, app- and SMS-based communications.¹¹ This means that there will be no changes made to the traditional one-size-fits-all communications other than the occasional segmentation and personalization of newsletters. In this category you find most traditional retailers which tend to struggle with implementing an omnichannel strategy. Customers often perceive these organizations as salesy and perhaps even pushy. To become more omnichannel, they need to take both data collection and analytics more seriously. This can be achieved if the marketing team begins to incorporate marketing (data) analytics and inspire the organization to adopt data practices to a wider extent.

The Trusted Advisors

In the top-right corner of the model we find the Trusted Advisors. This is where we find the top performers within omnichannel. Companies that fit this archetype excel not only within the four data- and communication-related disciplines but also within Performance Analysis and

Organizing & Management. This archetype proves the point that a company cannot become fully omnichannel without working intensely to adjust its organization and its way of looking at performance analysis towards customer-centricity.

Use the online benchmark tool to assess your company's maturity

Some CEOs are so concerned with their immediate competitors that they neglect to consider whether bigger players such as JD.com or Amazon are going to win the entire market. Therefore, an indication of whether your business is in front of or behind your competitors can be helpful.

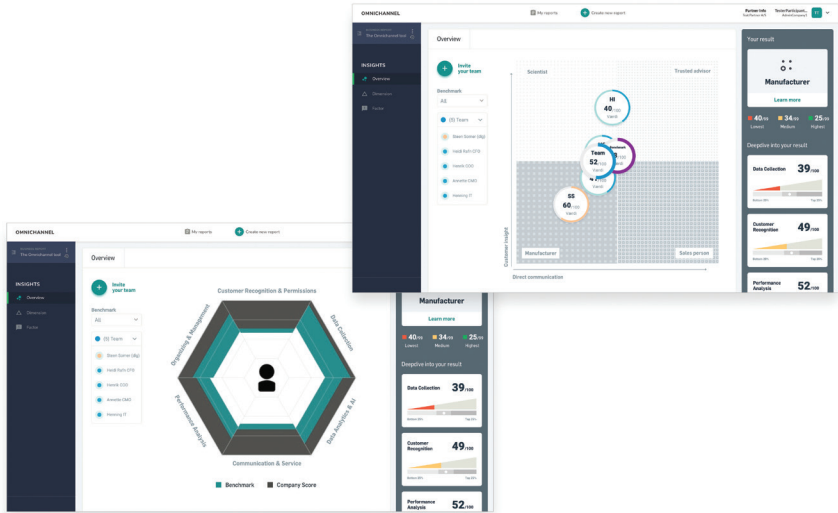
For this purpose, we have allied with the NBI. Using the Omnichannel Hexagon, we have jointly developed a new omnichannel benchmark tool that can be used to measure omnichannel maturity. By following the link in the QR code below, you can quickly determine your maturity level within the six disciplines and see where you rank against your competitors.

You can take the survey at this link:



OMNICHANNELFORBUSINESS.ORG

Initially, you will get a chart of your company's maturity that can be used internally. You will be able to narrow down the comparison with your own or similar industries and see how other companies have generally answered the specific questions.

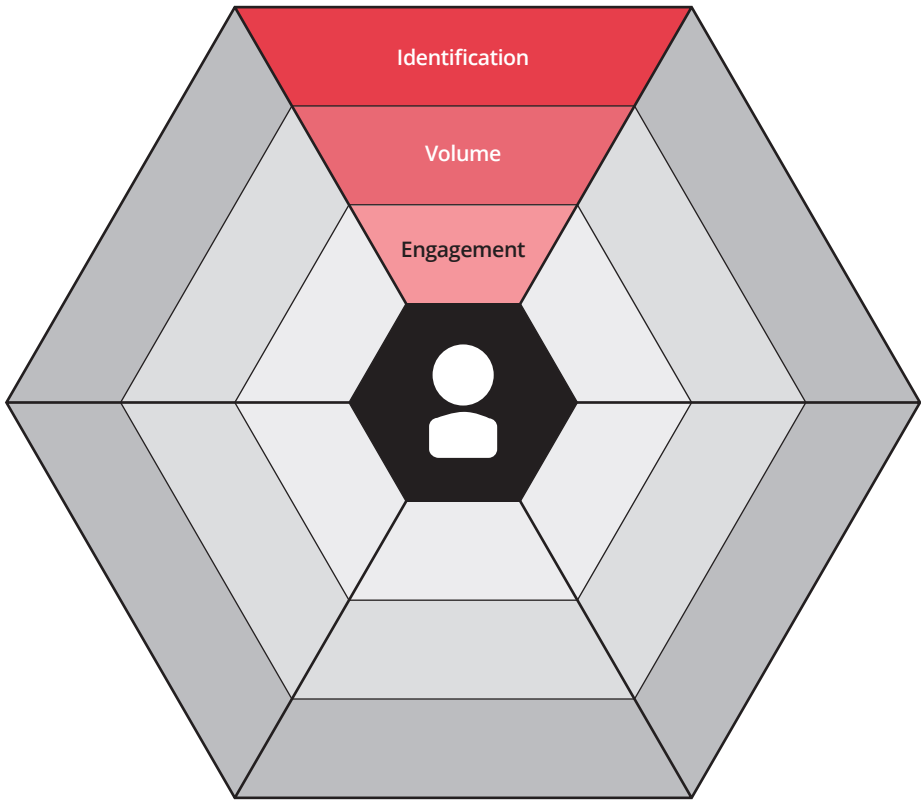


Later you can choose to invite members of your organization to answer the same questions to reveal a more deeply rooted image. It will also be clear where you and your colleagues have different perceptions of things. This can inspire knowledge-sharing and collaboration.

All responses feed into the body of data that NBI gathers for its global study of omnichannel maturity. Your data is private and processed anonymously for inclusion in the benchmark for other companies as well as general analyses.

Apart from an initial benchmark on the Omnichannel Hexagon, the tool also provides you with insights into which archetype your business resembles the most and how this compares with the other respondents.

CUSTOMER RECOGNITION & PERMISSIONS



1

CUSTOMER RECOGNITION & PERMISSIONS

Recognizing a customer is the foundation of being personal. How many of your customers can you recognize across channels? And do you have the option of reaching out to them on a one-to-one basis?

Wang Lei lives in Shanghai and his two-year anniversary with his partner Zhang Min is approaching. Wang has never bought jewellery before, but lately he has noticed that his idol Timmy Xu is sharing pictures of himself wearing jewellery from the brand Forevermark on WeChat. Wang clicks the link to the Forevermark WeChat store, follows the brand and adds some necklaces and rings to his wishlist. He's prompted to come and see the products physically in the shop Libert'aime in Shanghai and is able to book an appointment through WeChat.

When Wang Lei gets to the store, he sees people trying on jewellery in front of a 'magic mirror' that takes your picture to share on WeChat so that you can get your friends' opinions on the jewellery before buying. To use it, you have to sign into your WeChat account and enrol in the brand's loyalty programme. Wang finds his details on WeChat and a sales ambassador shows him the products from his wishlist.

Later, Zhang Min is surprised and happy when she unwraps the necklace Wang chose. Occasionally Wang gets notifications from Forevermark and is reminded to shop there in the future.¹²

The example above is a realistic (yet fictitious) scenario of how a customer journey could take place in the Libert'aime store in Shanghai and how Forevermark takes great care to recognize the customer across both communication and sales channels and also asks for consent for later direct communication. It is a great example of exactly what this chapter is about.

We suggest that you learn from how Forevermark combines influencer marketing and social media to reach its potential audience and then uses the WeChat app and e-commerce store to encourage them to connect and identify themselves. Be inspired by how Forevermark uses technology in the store, where customers are recognized, and the shopping experience can continue where it left off on digital channels. This will help you create long-lasting connections between your brand and your customers.

Using the same principles (but, where relevant, perhaps through channels more heavily adopted in your market than WeChat), we suggest that you connect with your customers. To make customers feel that they are at the centre of your attention, you have to be able to recognize them no matter which communication channel you meet them on. You also want the opportunity to be the one who starts the dialogue. Otherwise, it soon becomes a very one-sided relationship. That's why your aim should be to get their consent, also known as permission.

When we talk about customer recognition and permission gathering as the same discipline, it is because there is commonly an overlap between the way you recognize the customer and the way you reach out to the customer. Very often, it is the email address, phone number or app ID (or more than one of these) that is the key to recognizing your customers.

At the same time, they are among the direct communication channels you can have to your customers.

On a more general level, this discipline refers to the necessity of building a large, dedicated base of both customers and non-customers in order to succeed with omnichannel. You must be able to recognize customers across channels no matter whether they enter your stores or call you on the phone. At the same time, you must have the possibility of reaching out to customers when you have something on your mind that you wish to take action upon – preferably tailoring this message using the data you have for each and every customer.

Systematic customer recognition and permission gathering is the first of the six disciplines in the Omnichannel Hexagon. It is the foundation for personalizing your communication and the key to being able to analyse data going forward. If you don't know who you are talking to, how will you be able to 'make it all about them'?

Moving on to the permission part – you cannot always count on customers seeking you out. "Build it and they will come!" is perhaps true if you have the most amazing product in the world or the craziest budget for content marketing. But who has that?

If your customers are to feel that you have a bidirectional relationship, then you must be able to recognize them across all channels. Your brand should also take the initiative once in a while – although not all the time and not too aggressively, otherwise individuals will feel pressured and 'sold to' rather than invested in as loyal customers.

PROFITABILITY LIES IN SCALING REACH ON OWNED MEDIA

It is expensive constantly having to buy your own customers' attention on Google or Facebook, not to mention TV, print or radio. As a category these communication channels are referred to as 'paid media'. Once you have paid Google to reel in a customer who has perhaps already searched for your brand name, it feels quite ridiculous having to pay again so that the same customer will also click on your Google ad next time.

Owned media is a term covering all the communication channels where you don't have to pay someone else for the exposure. So in practice this accounts for (at least) email, web, app, SMS and even the physical signage within or on your brick-and-mortar stores. The sooner you start moving the dialogue from paid into owned media, the better (and cheaper).

Any self-respecting retail brand today has some form of loyalty programme with an associated marketing permission. But, more often than not, permission gathering is seen as a pure digital activity and club membership may not even be recognized in the physical store at all. This is despite the fact that this can easily become the best-performing source for new club members – and, equally importantly, behavioural data. There is more about these 'channel conflicts' in Chapter 6.

Scale puts 'meat' on the segments

Another significant benefit of having built up a large customer and permission base is that as the database grows, so does the size of the underlying segments into which it makes sense to divide the database.

Quite practically, we know that personalizing the content and timing of a given push communication can dramatically increase its impact – by as much as 200% to even 900%.¹³ However, if the actual number of customers that will be reached by personalized communication is low – as it will be before critical mass is obtained – this can mean that the additional cost of preparing the personalized content will not pay for itself. A high permission volume will mean more meat on even the smaller segments of your customer database and make it much more profitable to develop and send personalized content for them.

If your business adopts automated communication (trigger communication, marketing automation, etc.), a large permission base will also provide a greater volume of automated communication going out to relevant targets on a regular basis. This communication can have a very high degree of efficiency and it costs only marginally more to reach a much wider audience.

Club membership as the hero in the ad

Traditional paid media, such as TV commercials, has the advantage that it can often scale very rapidly. If you have a message today that you would like to see cause an effect very quickly, mass marketing can still do something quite unique. Despite the trend of watching programmes on online streaming services, there are still a great many households that watch traditional TV channels every evening. If your advertisements run today, there will be increased demand for your product tomorrow and there will be a higher chance of you reaching your quarterly budget. If you have to gather permissions first, then sales won't come until you market to that permission base. So, do you have the luxury of thinking and acting long term?

More and more traditional ads are ending with an announcement that one can enrol in some form of loyalty programme or news service, or download an app, which then immediately gives the end customer a sales-oriented promotion. In this way, companies can achieve both the short-term and the long-term result.

WORKING WITH CUSTOMER RECOGNITION AND PERMISSION GATHERING

Very often customers can be identified by their email address. Permissions may be directly equated with email permissions. Historically, authorization to send directly into people's electronic inbox has also been the most frequently used method of direct digital communication. Email is effective, visual and inexpensive to send. Email is still the largest and most efficient channel for your external communication on owned media. That said, there has definitely been a proliferation of the number of channels in use by consumers today. Apart from endless social media options, such as Snapchat, Instagram, Facebook Messenger, not forgetting WeChat in China, it's definitely also worth mentioning text messaging and app push notifications.

In line with the Omnichannel Hexagon and customer-centricity, you can classify permissions according to how close they come to the customer. Can we automatically recognize customers and personalize the message when they show up on our website or in the store on their own initiative? Or can we make a relevant message vibrate right down in their pockets at a relevant time?

It is one thing for a company to recognize customers in each channel independently, but it is another thing to identify each individual customer across channels. You need to be able to link email addresses to phone numbers to make sure you know who you are talking to. The same is true for postal addresses, Facebook profiles and other more unconventional ways of recognizing customers.

Maturity in customer recognition and permission gathering is a matter of both identifying and being able to interconnect different types of permission for the same customer. This must be done for as many customers as possible and on as many channels as possible. Subsequently, it is a matter of keeping them engaged, so they are not just dead meat in the database.

In this chapter we will first review the methods of customer identification across channels and then examine the different types of permission. Then we will go into how to effectively gather permissions via both your own and paid media. Finally, we will discuss maturity within the discipline.

IDENTIFICATION AND RECOGNITION

If it is your intention for your customers to receive personalized messages, then as a minimum you have to be able to recognize them. There are many ways to do this, and some are specific to the channel in question.

Cookies – recognition on the same device

The simplest way of recognizing a customer on a website is by the company placing a small unique file called a ‘cookie’ on the customer’s phone, tablet or computer. This tracks the device so it is recognized if it accesses the website again. It is not a bullet-proof method of tracking individual users, since it is of course possible to imagine that multiple users might use the same tablet, computer or even phone, particularly in the case of shared devices at home or in a library, airport or another public place. Also, it’s worth noting that cookies expire after some time, leaving the trail cold.

Ever since the EU Cookie Directive was approved in March 2011, users in Europe have had to actively be made aware that a website is going to install a cookie. However, not all websites have adopted this and most users perceive it as a nuisance having to click ‘I accept cookies’ when visiting a website for the first time. In May 2018, the GDPR (General Data Protection Regulation) legislation was put into effect in the EU, and the rules have become even more strict. Websites are now required to give users the option of saying no to different types of cookies, and there are increased fines for overstepping these guidelines. At the time of writing, we have yet to see any finished lawsuits with substantial fines for companies not living up to these guidelines. We suppose it’s just a matter of time, though.

Despite these and other legal hurdles, it is important to remember that people are no longer surprised when they are recognized by a website; quite the contrary – it is now expected and desired by more and more people.

Login and profile – recognition across devices

If you need a little more certainty that it is the same customer/user who is looking at your website, a login on the site is the best option. However, there must be a good reason for creating such a login for the user – otherwise this option is typically not used. We see this most frequently while completing online purchases, where users are offered the possibility of creating a login to make subsequent purchases easier. The merchant will then save the customer's contact, billing and shipping information, and it will be easier to transact a second time. It makes good sense, if the customer can imagine doing business in the same place again.

Other kinds of functionality may also require a login. One example is the wishlist function, to enable users and potential customers to save products that they might be interested in buying at a later stage. Customers who would like to use this function will be asked to create a login. The website will then remember what is on the customer's wishlist and there will be no need to log in again later on this device – unless the customer actively logs out. It is considered a service for the customer to be able to save products of particular interest, especially when the product assortment is overwhelming.

An added benefit for the company is that they can now recognize this individual again – both later on the same machine and on other devices – as long as the individual logs in using their profile. In addition, the company will gain valuable knowledge from the contents of the wishlist and may even manage to

tempt the customer with a discount voucher in exchange for agreeing to receive offers and newsletters.

Bait for email, name and title

If a strong incentive is not immediately provided for the user to create a profile, you can use a known tactic from B2B (business-to-business) lead generation. Companies offer free downloads of white papers and e-books in exchange for users giving their name, title and email address. Regardless of whether the user checks the box to receive marketing materials, you can now with 95% accuracy attribute the page and product views from this device to a concrete prospect, whom you can then contact in other ways. Of course, this requires a CMS (content management system) that supports this function, or installation of a proper tracking tool on the site.

For instance, you don't have to download many white papers from Sitecore.net before it knows whether you are interested in a demo of its software – which, incidentally, is the very same software Sitecore uses to collect this data. Sitecore is not the only CMS that supports this; there are a number of similar tools.

Recognition in the physical store

In the old days, it was no big deal to recognize customers who often came into a store. The owners, who were often standing behind the counter themselves, got a feeling for which customers visited their store frequently. A talented sales associate would nod familiarly at returning customers and maybe even remember their sizes and their previous purchases.

Although this still occurs, the retail trade today is characterized by ever-larger stores with often less experienced

sales associates and a high turnover of these employees. And, when international chains are spread across multiple locations, cities and countries, it is in practice impossible to recognize customers from branch to branch without some kind of common identifier. The solution for physical retail is very often a loyalty programme.

Customer recognition via a loyalty programme

In order to recognize customers, retailers set up loyalty programmes. In exchange for providing information about themselves and identifying themselves when making a purchase, customers receive some type of advantage in the form of discounts, other services or privileges, such as invitations to special sales and events.

One of the problems for most clubs, unfortunately, is that it is only at checkout (the point of sale, or POS) that customers identify themselves. Therefore, it is usually not possible for the sales associate to provide the same personal guidance and service to the customer that would have been possible if they had been recognized in the old-fashioned physical way. Personalized assistance can only be given when the customer has already made a purchase decision and stood in line at the register – and that is often too late.

The phone is the key to in-store customer recognition

Long gone are the days when loyalty programme membership equalled carrying around yet another plastic card in your wallet. Membership cards have now moved into customers' mobile phones in the form of apps.

Besides relieving customers from dragging along extra plastic cards, mobile apps have the advantage of supporting so-called ‘geo fencing’ using beacon technology, Wi-Fi or GPS. These methods all have more or less the same effect. As soon as a customer (who has given their consent in the app) enters a certain geographical area, something happens. For example, the customer could get a promotional message, but, more importantly, the retailer will now know that this customer is nearby or even in-store. This will help in terms of data collection and also mean the sales associates can be notified. This was in effect what we saw in the opening of this chapter with the Forevermark example.

Over the past few years many grocery chains have deployed self-service checkouts where customers first use an app to scan a barcode in-store to let the store know they are there and then scan products as they add them to their shopping basket. With a credit card registered in the app, this makes checkout so much easier. This is, for instance, the case with Waitrose’s Quick Check and Selfridges’ Scan & Go.

As addressed in more detail in the next chapter – Data Collection – the added advantage for the store is that purchases are no longer anonymous. In this way, knowledge about purchases in physical stores can be used in future digital communications with customers. Additionally, this helps to inform all channels of the service the customer previously experienced when they were recognized by the shop staff.

Companies that are good at recognizing customers in-store have a head start in omnichannel. Nordstrom (a North American chain of department stores) has around 50% of its purchases registered with members of its loyalty programme,¹⁴ whereas according to the National Retail Federation, Williams Sonoma brands can, due to the company’s mail-order heritage,

connect a name, email address and physical address to 70% of purchases.¹⁵ As we shall see in the opening of Chapter 2, Amazon Go has taken this to a whole new level. It simply doesn't allow anonymous visitors into its stores.

Voice recognition in the customer centre

Voice recognition is no longer science fiction. Not to be confused with speech recognition, which can determine *what* is being said, voice recognition can determine a speaker's identity through biometrics. This can greatly reduce call centre operation speed. Each customer profile will have a voice 'footprint' – in other words, a registration of each customer's sound.¹⁶

Facial recognition

China is one of the most pioneering countries in terms of exploring new technologies (and, it is also worth mentioning, the country is less concerned with privacy issues than the EU). It has already enabled facial recognition in Shanghai Airport, making it extremely easy for Chinese citizens to check in.¹⁷ The plan is to also implement this in Shanghai Metro, coupled with speech recognition and digital payment provider Alipay. Commuters will simply need to look into the camera and say out loud where they intend to go and they will automatically be let in and their account will be charged.¹⁸

TYPES OF PERMISSION – INITIATIVE FOR COMMUNICATION

There is a big difference between just being able to recognize customers and having the right to occasionally initiate dialogue with them. It is important to have consent to send information and offers to each individual customer without the customer prompting this communication. This is backed by a study conducted by the media agency OMD and Insights Group showing that 75% of the market for your product consists of passive customers who will only take action if you or your competitors reach out.¹⁹ The more customers that can be recognized and contacted (with permission), the more profitable customer relationships you will have. In the following sections, we will review the different types of permission and related topics.

Social media is paid media

If you can get your customers to follow your brand page or profile on websites such as Twitter or Facebook, in theory you will have some of your posts appear in their newsfeed, which they will likely check once in a while. Instead of relying on your customers coming by your website or store, you will now have the possibility of reaching them more directly.

However, there is no guarantee that your prospects will check their Facebook or Twitter newsfeed. Furthermore, social media sites are increasingly having to capitalize on their business customers, with the result that you as a business owner must again pay to boost the visibility of your message to your followers.

If you choose to pay for increased exposure on Facebook, there is then the possibility of segmenting your editorial message

by gender, age, education, geography, language, marital status and interests. If you import specific lists of people (names, emails and phone numbers) to Facebook that you know share certain behaviour (i.e. have purchased the same product), you can be fairly sure you are reaching the right people. However, there is no guarantee that you are totally right and there is no possibility of merging each customer's name, purchase history or external data into your messaging.

The point is that you never really get close to customers on social media without it being really expensive or manual. So, this social permission is therefore not the most profitable one, but it can still be valuable to have a large number of followers on social media. If the content that you choose to share is fun and interesting, it can lead to great exposure, especially if your followers are commenting on and sharing it. Bear in mind, though, that posts carrying a very sales-oriented message (e.g. a discount) tend not to get commented on or shared.

Postal address and direct mail

You can also consider the physical address as a possibility for communicating directly to customers. If your customers are not registered on lists prohibiting them from receiving offers through the mail, you may write physical letters to them. You should check each address against a country's 'Robinson list', which is a public list of the names and associated addresses of people who have opted out of receiving direct marketing in their mailbox.

Postal mailings are the traditional channel for direct marketing. With the use of advanced merge rules, potentially augmented by AI, you have the freedom to create the right personal message and deliver it directly into the recipient's address. But this is not very cost-effective. If you choose to

send direct marketing to your customers, you should consider design, printing, packing and postage costs. Direct mail can easily amount to over €3.00 per piece for printing, packing and postage alone.

Although postal delivery is relatively expensive, it does have its advantages. The opening rate is typically very high. Today customers rarely get letters in their physical mailbox so when they suddenly do, they almost always open them. The DMA (Data & Marketing Association) in the US claims that the response rates for direct mail tend to be anywhere between 10 and 30 times higher than for email.²⁰

Postal addresses have the added advantage that to a large extent they can be purchased in bulk.²¹ It is even possible to buy them segmented by household statistical data such as presumed media habits, political attitudes and income. Therefore, if you find yourself having to create new customer relationships and you have a target group that is unevenly distributed in other media groups, this can be a fine media choice.

Email permission

Win a €300 gift card! Sign up for our newsletter!

You've probably seen this message many times – in several variants, of course. Retailers of all sizes today have email lists and newsletters. Email is still the most cost-effective outbound communication channel, with the capability of being used in personal one-to-one communication. Even though email is seen by many as unsexy and maybe even a little old-fashioned, email permissions have many advantages that other types do not.

A mature medium

Email is a mature medium, in the sense that it has been around for many years. Therefore, there are a great many sophisticated systems for sending email, and just as many sophisticated mechanisms to prevent unwanted emails from getting through.

A creative medium - with many rules and exceptions

An email message can be extremely creative in its design. As the sender, you have 100% control over the content. Images, text and even video can be embedded in the mail, so it will be more of an experience than a dry message delivered on a white background. However, with the multitude of devices used for viewing email, there are great differences in how the HTML is rendered. So, as a sender, you must put a lot of work into encoding specific rules and carrying out thorough testing on all devices.

Dynamic content and merge rules

As with direct mail, you have the advantage that you can determine with complete accuracy who, or at least which address, you are sending an email to. Most email service providers offer the opportunity of creating merge rules in your emails, and you can then personalize messages and content according to the information and data you have on your customers. That said, not everyone uses this possibility. The vast majority of email communications that businesses undertake today are of the one-to-many type. This is on an equal footing with traditional print advertising. The difference is simply that it is very inexpensive to deliver.

In addition to varying the content itself, some tools enable the creation of advanced trigger programs, where email messages are sent automatically on the basis of registered events on the part of the customer. The best ones offer this possibility not

only for email, but also across several permission types and communication channels. There is more on this in Chapter 4.

Measurability

Email messages have the advantage that virtually any interaction your customers have with them can be tracked. The most common metrics are:

- **bounce rate:** the proportion of sent email messages that could not be delivered
- **open rate:** the proportion of sent email messages that have been opened
- **click rate:** the proportion of sent email messages that have been clicked in
- **conversion rate:** the proportion of sent email messages that resulted in a customer carrying out a desired action (typically a purchase) on the website linked to in the email
- **unsubscribe rate:** the proportion of recipients who have opted out of receiving further email from the company
- **spam complaint rate:** the proportion of sent emails marked as spam by the email recipient.

In addition to measuring each type of interaction as a whole, it is becoming more common to record which individuals click on which types of link. This behaviour generates data about the recipient's preferences and interests, which may be used for further communication.

Spam

There are some companies that send marketing-related email messages to recipients who have never given them permission to do so. Either they will send emails to all of their customers with an email address, even if those customers have not given marketing permission, or they will add email addresses to their list via more or less shady methods, such as buying email lists from third parties or automated retrieval via

open webpages. This is referred to as ‘spam’ and it is not a good practice to pursue if you represent a serious business.

Deliverability – will the email get through?

Most browser-based email readers, such as Hotmail and Gmail, have dedicated buttons so that users can report messages as spam. Gmail does not look into whether or not the claim is true. The fact is, however, that if more than a certain percentage of recipients of messages from a particular sender (often measured by IP addresses) declare that they perceive those messages as spam, the sender will be blacklisted. Subsequent email messages from this sender will be suppressed and land in the spam filter. It is therefore a good idea to make it not only possible, which is a legal requirement with GDPR, but also crystal clear how recipients can opt out of unwanted email communication.

It can also be dangerous to wait for too long to use an acquired email permission; perhaps the recipient will not recall having given consent and will mark the message as spam.

Within email deliverability, the term ‘bacn’ refers to email messages that recipients have given their permission to receive but don’t bother to read. It can be argued that, in these cases, if the recipient sees the email in their inbox – even without opening it – the sender has nonetheless attained a brand impression or exposure and thus has created a bit more brand awareness. However, there is usually a more specific message in the email to which the recipient does not respond.

Hotmail and Gmail monitor the amount of bacn a sender generates. If you generally send out a lot of emails that are unopened, then you are gradually punished and your deliverability decreases. They especially punish senders who send to so-called spam traps. Spam traps are email addresses that have

been unused for a long time and that Hotmail and Gmail have ‘taken back’ from the person who originally opened them. If you are sending to spam traps, it is a clear indication that you are not monitoring the quality of your list and do not continuously unsubscribe recipients who don’t open communications from you. The problem, of course, is that many marketing employees are rewarded by the number of permissions in the customer database – not the number of active permissions.

To avoid the risk of having your regular internal email end up in spam filters, you should send emails to customers from a different subdomain and IP address than your ordinary domain. For example, if you have the domain Company.com, instead of sending from newsletter@company.com you might send from newsletter@email.company.com.

Browser and desktop notifications

A fairly new permission type is browser notifications. Upon visiting a company’s website, the browser or the operating system can be instructed to prompt the user for permission to send them notifications whenever the company deems that something is of interest. YouTube, for instance, uses this type of permission. The format is short and primarily text-based – similar to that of app push notifications. We consider it fairly intrusive and something that brands should use with care. The messages pushed towards end customers should be fairly specific and data driven.

Due to the newness of this communication form, research into the economic potential is fairly limited. Without a doubt, however, it is an extra touchpoint that is bound to cause some kind of awareness. The system support is also relatively limited, and more often than not browser notifications are not a native channel in the common automation marketing solutions out there.

INTIMATE PERMISSION – REALLY UP CLOSE

It vibrates in my pocket – and it's with my consent. It can hardly get more intimate, in terms of contact from a business.

'Intimate permission' is our attempt to conceptualize a contact form that works on an individual level and in quite close proximity – in more than one sense of the term. It is mobile and reaches the customer right where they are by the phone vibrating in their pocket. However, with the potential for such close contact, there is specific best practice for this type of communication.

Text messages

It has been possible to send text messages to customers for many years. Nevertheless, using text messages for marketing is still quite limited compared with email, for several reasons, including:

- Text messages are expensive.
- Text messages are more difficult to track: it is not as easy to track openings and clicks as it is with email.
- Tools for sending text messages often do not provide advanced methods of personalization.
- Opt-out rates for text messages are typically higher than those for email because it is relatively intrusive and also easy to unsubscribe from.
- There is a longer path to an online purchase from a text message than from an email click, even though mobile commerce is growing.

However, text messages do have a very high opening rate.²² Also, from a purely practical perspective, it is extremely easy to collect phone numbers. There is typically not the same risk of spelling errors as there is in entering and collecting email addresses.

Use with caution

Senders must consider the context in which the user will receive the message. Reception of a text message is most likely followed by either a sound or a vibration. Therefore, senders should consider the timing. A text message in the middle of the night can be highly annoying. You should be especially cautious if you are operating across time zones.

Text messages are typically used as a kind of notification tool with respect to customer inquiries. When will my package be shipped? When is my hairdresser appointment? When should my bike go in for servicing? This has helped to shape consumers' expectations for the channel. To a greater degree than for email, it is expected that the content will be personal and unrelated to sales.

Push messages to an app

Another method of getting closer to customers is by using push notifications to apps that the user already has installed on a mobile device (phone or tablet). It is by its very nature more complicated for customers to download an app, identify themselves by login and then give the app permission to send push messages. It requires a certain closeness of relationship or a really good offer to get this to happen. Your app should contain more customer-oriented and value-adding features than just the capability of receiving messages.

The same precautions about sending times and promotional versus service-oriented content that apply to text messaging also exist for app push notifications.

Different degrees of proximity for customer recognition and permission gathering

The closer you get to a customer's intimate sphere, the greater the necessity to think really hard about both the content and

the timing of your communication. On a website you can get away with not being particularly relevant without it leading to customer complaints. On a mobile device there is less tolerance of and patience with irrelevant communication. A few irrelevant text messages and the permission and/or customer relationship will be lost.

Lead generation and permissions

Collecting permissions is not necessarily a particularly high-brow, academic discipline. It is in principle a simple proposition to be sold to customers. The key is to give them the offer and make them feel that they will get more out of saying “yes, please” than “no, thanks”.

What exactly did I say yes to?

The value proposition does not need to be particularly advanced; in fact, simple messages often work best.

Nordstrom’s loyalty programme is called The Nordy Club, and more than 50% of Nordstrom’s revenue is accounted for within the loyalty programme.²³ The value proposition for the loyalty programme is as simple as:

Free to join!

Earn points no matter how you pay.

Earn status based on spend.

Reach a new status and enjoy even more benefits, such as priority access to style events.

Get exclusive access.

Enjoy perks such as access to beauty and style workshops, curbside pick-up, first to shop select brands and more.

Earn 1 point per 1 dollar.

Earn points towards Nordstrom Notes, and unlock them even faster with our Nordstrom app.²⁴

Note that Nordstrom does not promise any specific discount, aside from earning points that can be used later. Too many companies overestimate the need to give a big discount to get memberships and permissions.

Nordstrom naturally also asks whether it can send communications to customers and its app also prompts users about permission to send push notifications.

We have seen some examples of how, at the time of enrollment, businesses have divided their permissions into many sub-permissions and presented them to the customer up front. This can be a bad idea, because customers typically will never sign up for everything. In unsubscribe scenarios, however, it might be a good idea to provide customers with the option to unsubscribe from specific parts of the communication without having to say no to the whole thing.

PERMISSION GATHERING CAMPAIGNS

Value propositions can be delivered through the channels you already use for communicating with customers.

Permission campaigns via owned media

You don't have to pay to be published on your own media. Therefore, it is natural to use these to a great extent.

The store network

If you have a large store network today, you should activate it from the start. Make it a natural part of sales associates' work to ask customers for their email addresses and possible club membership. Follow up on how well they do it and reward the best. It is the execution that will determine how effective this will be. If it does not become an accepted part of the sales staff's routine, and if the performance is not measured, it can be extremely hard to make it work.

Typically, sales associates have a lot of things they have to remember to ask about in order to support up-sales – for example, “Would you like a box of candy for only €1.50?”. In order to use retail as part of collecting permissions, you must have organizational acceptance that a permission is worth far more in the long term than the sale of a box of candy here and now.

Through a store network, you will typically collect permissions among existing customers, so you should primarily collect permissions via this channel with the aim of developing relationships with them. In the context of cultivating brand new customer relationships, this channel's results are limited.

Your website

On your website, you can collect marketing permissions from both potential and existing customers. If you have many unique visitors to your website, it is obvious that you should ask for permission here, but not just in connection with order placement or as a passive call to action. More and more companies are serving up the message about giving permission in a kind of pop-up or overlay triggered by a particular behaviour – for example, time spent on the website or the number of pages shown to the user.

Depending on your business, there can be different opinions for how aggressively you can allow yourself to push the message. Typically, however, it is quite easy to set up the message, as it is often the marketing department that has control over the website.

Email

Talking about the use of email for permission gathering may sound contradictory to many people.

Nonetheless, if you want to extend your reach to customers on as many channels as possible and obtain permission to contact them via either text messages or apps, the email channel is an excellent medium.

Facebook

It is of course possible to use Facebook, particularly in conjunction with campaigns, to collect email permissions. Facebook ads have a special feature for exactly this – but remember that it's paid media and nothing is free.

The fashion retailer Zalando.com is quick to encourage potential customers to make themselves known to the brand on

Facebook (by following the company's page). In return, customers receive offers and even a rebate into the bargain.

Mobile

App and text messages can be used to notify customers if it is found that messages can no longer be sent to the provided email address (i.e. the messages bounce). Text messages in particular can also offer an excellent supplementary way to collect permissions.

In March 2014, the Nordic chain of gas stations Statoil (now Circle K) launched its loyalty concept Statoil Extra. The sometimes overly busy sales associates could not always manage to collect all relevant profile information from the gas station customers, but they could generally manage to get a phone number and enter it into the system. Afterwards, customers would receive up to four text messages reminding them to register for Statoil Extra using the phone registration form. Phones thus worked in combination with the other channels to get members to say “yes, please”.

The customer service centre – can't we just ask them when they call?

When customers call your customer centre, it seems like an obvious chance to ask them about marketing permissions for email and mobile. But, before you do so, remember to check with local legislation. Unfortunately, in some territories this is a violation of current law. However, it may still be legal to ask for customers' email address for purposes other than marketing – in fact, with GDPR, you have an obligation to make sure that the information you store about your customers is up to date.

Direct mail – permission gathering via post

A database of customers' physical addresses is still an owned medium, even if it is not as cost-effective to use as for instance emails and push notifications. It is a commonly used tactic to include a message about permission capture as 'envelope stuffing' if you already have the legal obligation to send out postal mailings to customers but do not have marketing permissions.

Permission gathering via paid media

TV campaigns

Paid media is frequently used to collect permissions. A TV ad campaign can easily have a company's loyalty programme as its protagonist and becoming a member as its primary call to action. TV campaigns are expensive, but permission gathering can be incorporated within existing branding-oriented campaigns.

A TV commercial will result in interest in your loyalty programme coming from two directions. Even if your sales staff don't remember to ask customers about membership, there is a chance that the customers will know about the loyalty programme from the TV commercial and will ask about it.

AdWords and banner advertising

An above-the-line mass-media campaign will typically create increased traffic on Google AdWords and other similar services. If there are TV ads running for a loyalty programme, there will also be people looking for the club on search engines. It can be an advantage to advertise on the relevant search words, for example to help the people who are sitting in front of the TV with an iPad on their lap. Likewise, it can make good sense to increase media pressure across channels through banner advertising on various ad networks, including Google and Facebook.

Collecting permissions by leveraging the brand of a supplier

A good way of collecting permissions can be teaming up with a supplier that has an interest in knowing more about how its end customers behave throughout the whole process of shopping. An example of such a collaboration is that between the Dutch online retailer bol.com and LEGO®.

The toy brand LEGO distinguishes between customers and users. Customers are the ones who buy the products (often grown-ups) and users are the ones who actually play with the LEGO bricks (children of all ages). Since LEGO has a policy of not communicating directly with users, it doesn't collect permissions or create personal profiles for users. Instead, it collaborates with its partners (resellers), which engage with the users and collect permissions and data about them.

Together, LEGO and bol.com have set up a dedicated LEGO platform to inspire and better understand users. The result is the video platform speel.bol.com, which offers various types of engaging and interactive content, such as LEGO movies, unboxing videos and user-generated video content – all targeted at children of various ages.

The main goal of the platform is to gather relevant data derived from various touchpoints. This data includes:

1. login data, to provide the companies with demographics and to enable children to post their own created video content and be able to win LEGO products
2. engagement data by adding gamification, such as enabling users to collect LEGO stickers to show they're a big fan of the brand
3. more generic platform statistics, such as traffic numbers and sources, number of video views, time on site and so on.

This data should lead to more relevant insights for both LEGO and bol.com. These insights are used to improve marketing effectiveness and product development (for LEGO) and enhance shop and conversion optimization (for bol.com).

According to Justin Sandee, head of retail media management at bol.com, the numbers are promising. In a personal interview with the authors he revealed that within a relatively short period of time, the platform gathered more than 10,000 unique profiles of children aged 1–11 years. It also appears that children find the platform engaging, with 150,000 video views and 30% of all visitors returning regularly and staying on the platform for 21 minutes on average. Over 2,000 children spent two hours watching videos and earning virtual LEGO badges. These children are rewarded as true LEGO fans, and can share this status with their friends on social media. So far the unboxing videos have been the most popular, especially in the older age groups.

The platform is providing interesting insight into how to adjust the way LEGO products are promoted. The LEGO inspiration platform is a typical example of part of an omnichannel customer approach in which the consumer is put in the middle and their behaviour is the basis for marketing improvements, making LEGO and bol.com more relevant as a brand and a shopping destination.

Collecting permissions from new customers through direct mail and unaddressed mail

Just as traditional direct mail can be a good medium for acquiring digital permissions from existing customers, direct mail or unaddressed mail can also be a means of acquiring permissions from completely new customers. Today, it can be a very liberating feeling to find a letter in the mailbox that is not a bill. As mentioned earlier, the DMA boasts that direct

mail has an extremely high opening rate, perhaps precisely because people no longer receive physical mail very often.

But to whom should we send a letter or an unaddressed mailing, when we have all the inhabitants in the world to choose from and the mailing cost is so high? Luckily this information can be bought through providers such as Experian and local vendors. Both business and consumer addresses can be purchased based on a variety of criteria, so you don't have to send expensive direct mail to everybody.

Why doesn't my media agency suggest we do permission campaigns?

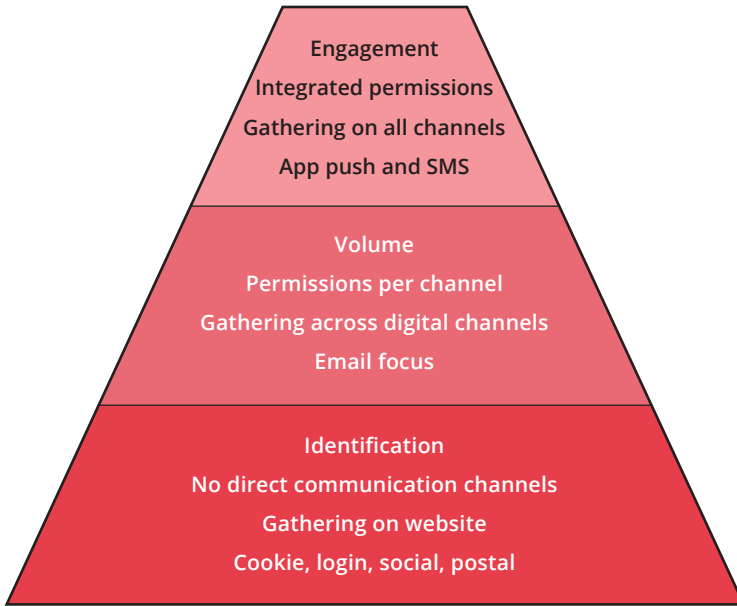
Don't forget that most media agencies earn money for media purchases, so they won't push their clients to encourage end customers to convert to their own media instead of paid media. The same applies to advertising agencies. Why would they actively help to saw off the branch they're sitting on? Unless you insist that permission gathering be a completely natural call to action in your mass communication, it will not happen.

MATURITY IN CUSTOMER RECOGNITION & PERMISSIONS

How does a mature business work with customer recognition and permission gathering? Is it unconditionally good to have very many text message permissions and ‘less good’ to have a great many email permissions? Since there are significant differences in recipients’ expectations for communication via websites, email, SMS and app push, healthy communication and service efforts include the effective orchestration of messages *across* channels.

You should use each channel on its own terms and for the types of message most suitable for that medium. It is general practice to send a newsletter via email. If the same communication is suddenly published via text message, then one can expect a significantly inferior performance. However, quite short, personal messages function really well as text messages due to the high opening rate and the physical activation of the device. These can also be sent by email – but not as effectively.

Customer recognition and permission gathering must be practised in line with your existing communication efforts. If you (for reasons to do with prioritizing) have not considered using SMS-based communication, then there is no need to invest massively in collecting permissions to do so. Why send invitations to a party that you’re not throwing? But one thing is absolutely certain: working with customer recognition and permission gathering is a key part of omnichannel. Below we have summarized the maturity levels, as we see them in this discipline.



Highest maturity level

The companies that are the most mature in customer recognition and permission gathering work systematically to maintain a large and engaged customer and permission base. They collect several types of permission, including for email, text messages and push messages. Permissions are collected from and integrated across all channels, so there are as many open communication channels as possible for each customer. Customers are automatically recognized across physical and digital channels.

Middle maturity level

Companies with average maturity in working with customer recognition and permission gathering have a focus on building up the volume of their customer and permission base. Permissions are collected across digital channels in particular but are stored in the channel or silo where they are collected.

For example, if phone numbers are collected, they are not necessarily linked to the customer's name, email address or postal address. There is a particular focus on acquiring email permissions and gaining new members of the customer club. Customers are recognized across websites, email and store points of sale.

Lowest maturity level

The companies that work the least maturely with customer recognition and permission gathering can recognize a customer within each channel. Most often this is a task carried out from the website, from cross-exposure on the company's Facebook page or from collecting email addresses. The website uses cookies for simple recognition purposes, and in some cases there is an opportunity to log in. Physical addresses can be found for the customers who have provided them as part of a transaction.

Remember that you can take our test based on the Omnichannel Hexagon and find your company's omnichannel maturity level at:



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