

Taking Full Advantage of Your Online Channel Insights

By Howard Fiderer

Understanding buying behavior has long been an important part of successful marketing efforts. Every year, companies spend millions of dollars on market research programs to determine what causes consumers to react positively to specific offers or campaigns. Data is gathered and mined to determine which customer characteristics are most likely to drive the desired behavior. However, collecting the data for analysis is an expensive and time consuming proposition - that is, until now. Online campaigns offer a continuous and nearly instantaneous source of market data that can be used for in-depth analyses.

To take full advantage of the data collected, it is necessary to characterize each customer according to their demographics, psychographics and customer characteristics. This creates a robust sample of customers for analysis which can then be used to track each online interaction and see which customers respond best to specific products, offers, or even creative treatments. By evaluating the customers who responded positively versus those who did not, it is possible to determine which attributes are most likely to have contributed to the positive response.

Further insights can be gained by testing different creative (stimuli) and learning how customers react. This provides some level of understanding of what makes a stimulus successful and helps to weed out the poorer offers and /or creative. In essence, this is what is done by A/B and multivariate tools.

A more sophisticated approach involves recognizing that not all customers have the same needs and wants and therefore do not behave the same. The process of determining which attributes drive customers to respond to specific stimuli makes it possible for that stimulus to be selected whenever a customer with the requisite attributes visits a web site. As an example, let's say that a wireless service provider has three offerings: one has a small number of minutes, one has a large number of minutes and the third offer is for a prepaid service. By looking at customers who sign up online for these services, it may be possible to determine that the first service appeals most to people who are over 45 and of moderate means, the second service appeals to individuals who are in their mid thirties, are professionals and have a high income; and the last service appeals to those who are under 20 and have a lower income level. This valuable information can then be used to determine which offers are presented to specific visitors, thereby increasing relevance and conversion.

The simplest way to see which attributes are driving behavior is to examine each attribute separately, though this takes time and ignores cross attribute effects. Using the example



above, it would be difficult to know that income age and profession interact as purchase drivers. Although one could guess, there are better ways. Several statistical techniques are available to determine how customers behave and which attributes contribute to this behavior.

Whichever technique is employed, it is essential that the data be mined for additional insights. It is insufficient to say that the system works but not to know why. This is especially true if these insights are to be applied beyond a single campaign or across multiple channels. Using again the above example, this same demographic data is available based on phone number. Given that we know which three attributes are the best indicators of service preference, we can leverage the information for telephone campaigns or inbound call centers to present the most appealing offers.

The insights gained from online campaigns can be used to benefit the current campaign, to improve future online campaigns, or increase performance in other channels. Using the same approach across channels will result in more consistent messaging and reduce channel conflicts. Ultimately, by taking advantage of these insights, one can increase overall revenue and ROI.

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