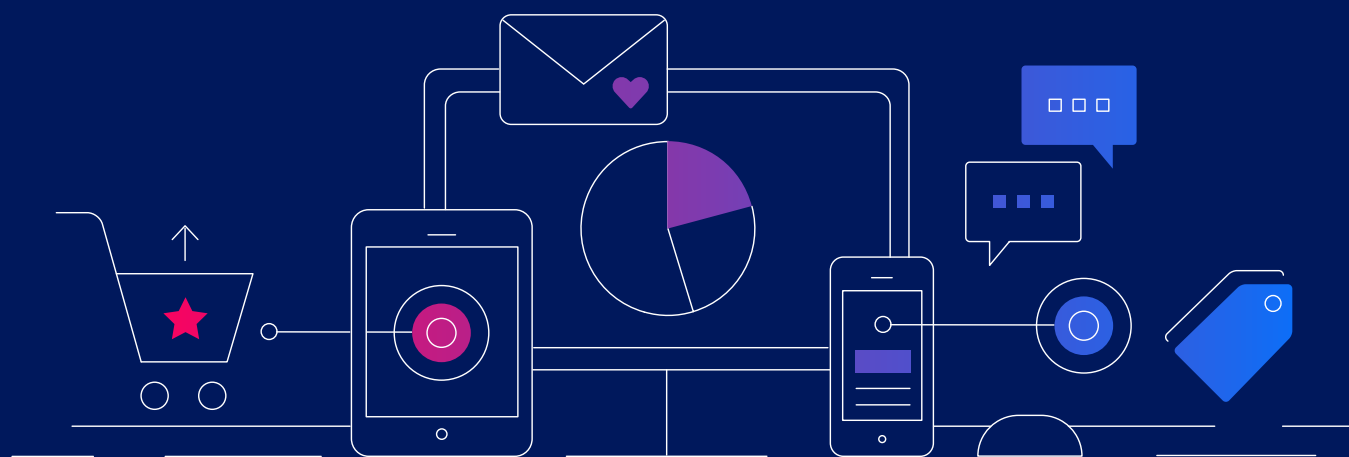




Developing a One-to-One Customer Conversation

Omni-Channel Marketing Challenges and Solutions for Today's Modern Retailer



Executive Summary

Today's consumers are more informed, diverse, demanding and well-connected than ever before. With nearly unrestricted access to shopping resources used for discovery, comparison, and purchase, consumers are able to shop at will, often independent of branded retailer guidance. This rise of consumer independence can be attributed to the emergence of technological advancements favoring consumer empowerment; however, the repeated failures of brands to proactively offer personalized, high-value shopping experiences at scale is a significant contributing factor of consumer exodus.

This has fostered an inclination among shoppers to become self-reliant in their pursuit of purchases, effectively shutting out promotional outreach from brands. Many brands continue to fall out of touch with their customers because they've lost sight of their customers' true needs. Customer centricity has long been the foundation for modern marketing, but the brands which fail at creating deeply personalized marketing campaigns can no longer take customer engagement and retention for granted.



94% of consumers

discontinue brand relationship due to irrelevant messaging

Knowing that a staggering 94% of consumers have discontinued a brand relationship because of **irrelevant messaging**, a personalized omni-channel strategy should be the top priority for retailers. Yet why do so many brands continue to struggle to provide their audiences with authentic, seamless messaging-driven experiences? One of the most significant reasons is a lack of cohesive, centralized customer data strategies.

Complete customer data sets are a requirement for campaign creation comprising highly effective omni-channel marketing strategies. However, a majority of retailers are forced to take a fragmented approach to identifying and centralizing customer data residing in multiple data "silos:" e-commerce platforms, point-of-sale systems, email service providers, social media software, and customer data platforms. Only through the seamless integration of all these available data types can brands move closer to effectively personalizing the relevant, brand-specific content that keeps customers tuned in.

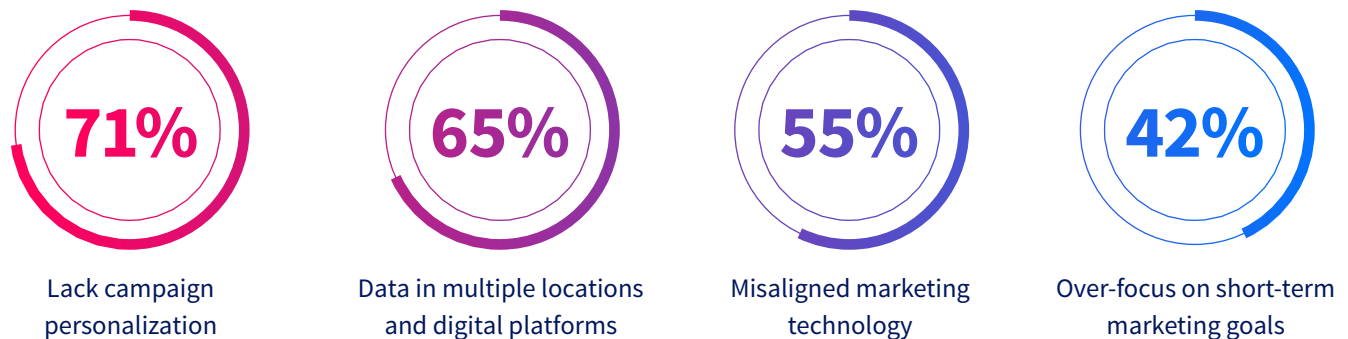
As industry analysts suggest, the battle for brand supremacy will be won through **customer experiences**, not prices nor products. If retailers are to outpace their competitors, it becomes business-critical to break through the noise of irrelevant marketing to capture, and then retain the customer's attention. All retailers must understand, then cater toward their customer's journey. Marketing efforts must be planned knowing that today's consumers readily embrace a multitude of channels and devices when shopping.

How Modern Retailers Address Omni-Channel Marketing

To better understand how retail marketers are currently addressing their own omni-channel marketing challenges, Iterable surveyed marketing executives from the top 300 online retailers with headquarters in North America.

From the survey, Iterable uncovered four key factors preventing an effective omni-channel strategy for online retailers. According to the marketing executives interviewed, challenges with personalization, data management, technology, and goal prioritization are their major inhibitors of omni-channel marketing.

Top Omni-Channel Marketing Challenges



Challenges to Omni-Channel Strategies



Lack of Personalization | **71%**

Studies show that the average consumer is exposed to up to **10,000 brand messages** a day, making personalization one of the most important brand strategies to execute. Without connections nurtured through personalization, messaging can quickly be interpreted as generic or irrelevant. Incapable of personalizing at scale, brands are relegated to relying only on generically-focused content for engagement.

Personalization at scale is difficult for many. In fact, 71% of Iterable survey executives identified lack of personalization as the top challenge preventing their companies from achieving an effective omni-channel marketing program.



Data Silos | 65%

Brands that have digital marketing, sales, social media and PR departments have misaligned data because their technology platforms are not integrated. Inside a siloed organization, a customer can simultaneously interact on multiple channels, yet receive different messaging on each, resulting in a disjointed customer experience. Customers overwhelmingly expect consistent interactions **across channels**, further supporting a need for a unified omni-channel marketing experience.

According to one survey participant, a vice president of marketing from a top 50 National Retail Federation (NRF) retailer:

“How can I create personalization of any kind when customer data lives in [multiple systems...] and none of these integrate well together or into my marketing platform?”



Misaligned Marketing Technology | 55%

While a seasoned marketer knows that they should be building long-term brand relationships, the adoption of different channel-specific marketing tools actually fractures customer experiences. The fact that the average company invests in **16 different** marketing technology platforms highlights this issue. Complex technology environments create integration challenges which bar productivity and operational cohesion. With over a dozen platforms tracking different data from various sources, it comes as no surprise that the resulting customer journey is fragmented.



Focus on Short-Term Goals | 42%

While garnering a certain number of “Likes” on a social media post or achieving a certain web traffic goal may seem like a key performance indicator, neither is a tactic that sets a brand up for ongoing customer satisfaction. Brands must think long-term to develop broader strategic plans which attract and retain customers. They must also encourage customer loyalty by incorporating personalization and data management initiatives as tactical measures supporting this endeavor.

According to one survey participant, a senior director of marketing from a top 25 NRF retailer:

“My CMO is focused on web traffic and reporting...not into personalization or data management... things that matter long term to the business.”

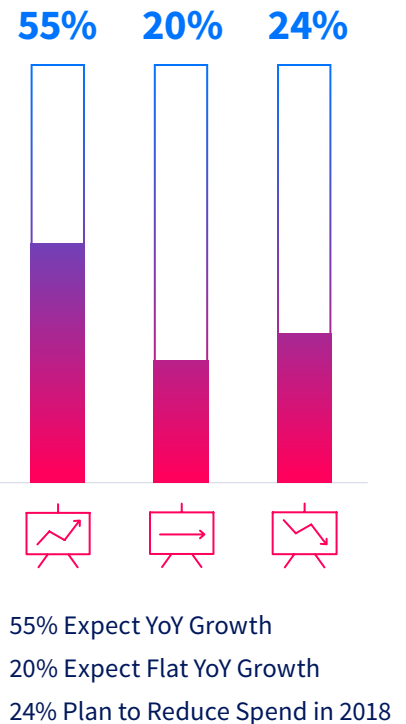
The State of Omni-Channel in 2018

The good news is that most brand marketers acknowledge the holes in their strategy. In fact, of the top North American retailers Iterable surveyed, 75% plan to address these roadblocks, and over half plan to invest more into omni-channel marketing technology.

However, 44% of survey respondents cite a lack of accurate results and demonstrable ROI from past investments as the reason they will avoid or reduce spend on omni-channel technologies in 2018.



Change in Spend on Omni-Channel Marketing Technologies YoY (2017-2018)



According to a senior vice president of marketing at a Fortune 200 retailer:

“Results from the past have not been proven stellar either from unrealized results or from inability to show results from omni-channel investments. For this year, and maybe even 2019, our overall marketing technology budget has been reduced until we can show better results. We cannot invest in what we either cannot measure or realize financially...both are one in the same in terms of being able to prove that omni-channel has a direct impact on revenue and ROI.”

The benefits of an omni-channel marketing strategy are well cited across the industry, but without the proper implementation and understanding of its internal environment, many brands will continue to struggle recognizing the true impact.

Top Performing Channels

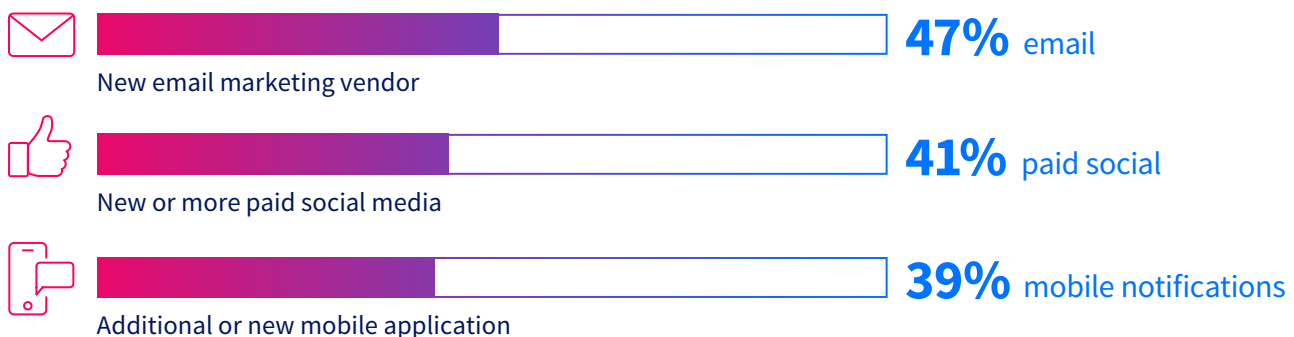
The 300 top North American retailers surveyed by Iterable reported email as their highest performing marketing channel in 2017 and 40% expect the trend to continue into 2018. As one of the oldest digital channels, email marketing, when done right, remains one of the most effective ways to interact with customers with interest in a retailer's products. According to a 2017 Data & Marketing study, email marketing remains the **best digital marketing channel** for return on investment.

The newest challenge lies in determining the sweet spot between "not enough" and "oversaturating" a consumer with email content. Approximately one third of the Iterable survey respondents believe the happy medium falls between one and three emails per person each month; that is the total they tested in 2017 and will continue to send in 2018. Nearly a quarter of other retail executives found that four to six emails worked in 2017 and will remain part of their marketing strategy in 2018.

Paid social media was the second top performing marketing channel in 2017, followed by mobile notifications. Both are expected to continue to be top performers in 2018. As social media data algorithms continue to evolve, marketers will need to pay close attention to changes in customer reach and adjust their strategy to keep their content at the top of newsfeeds.

2018 Planned Marketing Technology Investments

Knowing that the top performing channels are email, paid social media and mobile notifications for the top 300 retailers surveyed by Iterable, it comes as no surprise that these same retailers plan on investing in new marketing vendors for each.



Top Marketing Channel



Email was top performing marketing channel in **2017**

40%

expect the trend to continue into **2018**

2017 Sweet Spot

1/3

respondents believe **one to three emails** per person each month is the happy medium

2018 Marketing Performance Metrics

As consumers continue to demand seamless, personalized interactions with retailers, all retailers must push for an omni-channel marketing approach within their organization. The 300 retailers Iterable surveyed report using the following key performance indicators (KPIs) noted in the adjacent chart as measures of their efficacy.

The marketing-influenced revenue and new customer orders versus returning customer sales KPIs are promising in that they point to their understanding of omni-channel marketing's influence on building customer loyalty and retention.

Conclusion

Delivering meaningful omni-channel marketing experiences to customers is a priority for retail executives across the nation. In order to help their organizations evolve, marketing leadership must address their current struggles with technology and data before they can expect to see meaningful results.

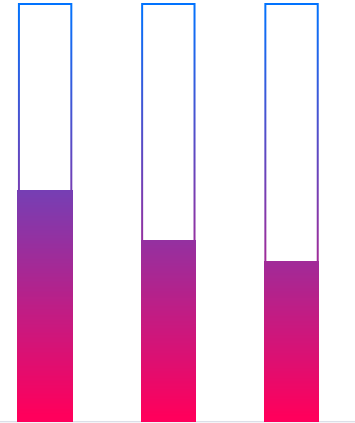
This means executives must champion modern marketing technology environments capable of supporting seamless exchanges of customer data between tools and departments. Infrastructure is critical to the success of retailers' ability to support the immersive omni-channel customer journeys that brands strive for.

About This Survey

To better understand current retail marketing trends, challenges and best practices, Iterable surveyed marketing executives from the top 300 online retailers with headquarters in North America, as classified by the National Federation of Retailers (NRF). Surveys were conducted from December 15, 2017 to January 15, 2018 and were limited to marketing executives with a director-level title and above.

Key Performance Indicators

49% 40% 38%



49% Website Traffic



40% New Customer Orders vs. Returning Customer Sales



38% Marketing-Influenced Revenue

Survey Participants

50%

VP of Marketing

35%

Director of Marketing

25%

Sr. Director of Marketing

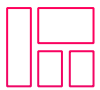
15%

Digital Marketing Director

About Iterable

Iterable is the growth marketing platform that powers personalized omni-channel marketing at scale. Iterable captivates consumers with highly relevant and personalized messaging, activates campaigns on any type of internal and external customer data, and allows marketers to automate campaigns across all channels that matter to their consumer.

Iterable exists to create rewarding relationships between people and brands. By making it easy to build campaigns and test strategies at scale without engineering support, Iterable gives marketers the freedom to focus on the nuance in messaging and magic in storytelling.



Modern Architecture

Iterable is built with industry-leading Elasticsearch technology. Onboard unlimited data, segment on real-time behaviors, personalize your message at scale and deliver to millions across multiple channels.



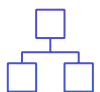
True Omni-Channel

Amplify your messaging resonance at enterprise scale with a personalized, true omni-channel experience across email, mobile, direct mail, web and social.



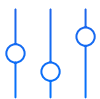
Single Data Platform

Ingest unlimited data from any platform, including commerce, service and data providers. Understand your customers' actions while reducing data silos.



Workflow Studio

Iterable's highly visual, drag-and-drop workflow builder triggers campaigns with an unlimited number of steps, branching and A/B tests.



Easy to Use

Iterable is built for marketers, who can now create sophisticated campaigns without technical resources. Use one platform to plan, execute and manage omni-channel campaigns.

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