

Don't Be Shy About Conversational Marketing

by Brian Carpizo

October 8, 2007 issue

Selling products and services through multiple channels—from cyberspace to actual store counters—offers a number of touch-points where information can be gathered from customers or potential customers. Most marketers clearly understand the importance of using this information to personalize communications with customers and perhaps even to customize products and offerings for them. The challenge retailers continually face is how to glean all the valuable information from shoppers successfully without having the customers feel as if they are being stalked or needlessly bothered.

The clinical term for the practice that causes people to withdraw is “psychological reactance.” This reaction could help explain why some retailers are hesitant to, or simply do not, actively engage in interactive or conversational marketing. Furthermore, retailers are often unable to differentiate between the irrelevant and the useful information gathered by such techniques. This prevents multi-channel retailers from capitalizing on the promise of an interactive marketing world. The risks seem high and the information is often deemed difficult to assimilate into an effective marketing strategy. But these fears are misplaced.

So, how can a retailer successfully get past the fear of creating a clinical reaction? By utilizing conversational marketing techniques. Conversational marketing is a proxy for an actual discussion about what customers want and what retailers are able to offer to meet their needs. To get there, retailers must know just enough about their customers to make friendly suggestions about what else the buyer may like to buy without crossing the line where an interaction gets so personal that it makes the shopper uncomfortable. In other words, they need to get to know their customers as actual people with desires and dislikes.

Personalization will evolve as marketing moves from mass marketing to conversational marketing, a concept that is not to be confused with Internet marketing. The Internet is a technology that facilitates customer interaction. Interactive or conversational marketing is the ability to take what the customer says, process that information, and then give it back to the customer in a way that the customer finds meaningful and is then likely to respond to.

Personalization is the ability to use unique customer information to communicate with the customer. Conversational marketing requires a customer database and the ability to access this database across all communications channels. To monitor the success of these programs, marketers must be able to access customer information across sales channels in order to get a complete view of the potential buyer before executing marketing programs.

Whereas personalization most often occurs in the communications channels, the art of customization has an added twist, as it is a product-based activity. Customization also requires a database of customer information usually collected directly from the customer during the sales process. The process of customization requires taking the information at hand and creating an entirely new product based on customer input. Brooks Brothers, for instance, does it with suits. American Girl does it with dolls. Lands' End and Disney are two other examples of retailers that provide customized products (clothes) by asking for, processing, and building a customized product based on suggestions from customer data.

Before a retailer can even consider establishing healthy and productive personal communications with customers, several issues must be addressed. A customer analysis is the first step before building a personalization and customization program. A retailer needs to determine if the customer base can be segmented in such a way as to make personalization and customization viable strategies for the company. One-to-one personalization may not be cost-effective for many companies who may choose to use traditional targeting and segmentation techniques to create personalized communications and offers for groups or segments of customers.

Adequate customer data is the second requirement for a successful personalization and customization program. Without data that can be accessed across channels, customers cannot be analyzed and segmented according to RFM (Recency, Frequency, and Monetary Value) or other

characteristics for future offers. In their 2003 study of 209 firms, Zahay and Griffin found that customization requires sales-oriented and specific customer information and personalization requires specific marketing information such as response to particular marketing offers, and the ability to share information throughout the firm.

In some cases, a little imagination and hustle can fix the lack of adequate customer data. But in many cases, the problem is old-fashioned data segregation. Data obtained from different channels gets stored in different "silos" or databases with no ability to integrate or access data across the channels.

Today personal communication is available through a smart software solution. For example, it is now possible for enterprise software systems to use a common set of data across channels within a single data schema. This type of technology is used to share data across other systems and replicate it throughout the company when changes are made in one place. This type of data porting system makes it possible to acknowledge customer information regardless of the interaction mechanism.

In addition to advanced marketing, shared data collection, and integration, excellent customer service is integral to successful personalization and conversational marketing. For instance, the customer buys a shirt online, tries it on once, and finds that it doesn't fit quite right. Instead of boxing it back up for a return, the shopper brings it to the local mall for an exchange. That particular store does not have an exact replacement but the clerk is quickly able to tell the customer the item is sitting at another store and proceeds to have the item shipped directly to the customer's home.

Conversational marketing and personalization, when done correctly, makes the shopper feel special. People like being taken care of in this manner. It makes them feel valued. When retailers provide this type of service, customers will start having conversations about them. The desirable kind of conversations. The kind that generate positive buzz.

Conversational marketing creates possibilities for up-selling and cross-selling, maximizing revenues and profits, and creating loyal customers. So all aspects of a corporation must be involved in personalization and customization as viable business strategy choices. Furthermore, top-management must be enlisted to give support to the organization to accomplish these tasks. In order to ensure consumers don't withdraw into "psychological reactance," corporations have to make sure both their data and personnel aren't shy about conversational marketing.

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