

COLUMNS

How to build customer engagement online through automated targeting

December 1, 2010



By **Pete Olson**

Luxury brands often have an advantage in the area of customer engagement that other retailers envy.

Consumers develop strong ties to certain luxury items based either on long-held affiliations, favorable public perception or an attractive aura of exclusivity.

However, luxury brands face increasing competition for customer attention and dollars.

To retain customer loyalty, boost visitor engagement and increase revenue per visit, luxury brands should evaluate the range of available ecommerce, high-performance targeting solutions.

Web site targeting tools

Online retailers of all shapes and sizes have explored the value of various testing and targeting solutions across marketing channels.

Scores of companies, for example, have deployed advertising, search and email marketing solutions rooted in A/B and multivariate testing.

Using these tools, companies achieve 5, 10 or even 50 percent improvements in their conversion rates and dramatic increases in average revenue per visitor.

Even with this level of success, retailers should consider how they can further develop deep relationships with each and every Web site visitor.

It would be easy to say that simple A/B and multivariate testing is enough to achieve significant insights into optimizing the online experience.

However, that answer fails to recognize the fact that while there might be many consumers who prefer one image, message or deal over another, one content alternative cannot be the best performing for all user types and all individual users.

There are virtually infinite numbers of micro-segments in each audience and real, high-performance targeting requires a business to serve the most effective offerings to each particular group.

To meet this standard, companies must embrace a continuum of more advanced, automated targeting. Nowhere is this more vital than in luxury goods.

Customers who have the dollars and willingness to spend expect a high quality experience in return.

The product must be outstanding, and the service must be exceptional. The company's understanding of the

individual customer must be on target.

Often, the best way to meet that level of expectation is with a solution based on automation that can dynamically create an unlimited number of micro-segments from which to track and deploy.

These small clusters of visitor types are similar to those a business might identify manually, but they are created automatically and updated on the fly, learning every time new data is presented.

A shoe retailer, for example, might identify micro-segments based on combinations of seasonal trends, geography, gender, age, parental status, click-path analysis and past purchases.

ABCs of targeting

Automated targeting continually learns and evolves with site behavior over time.

As the market changes, as styles change, so, too, do customers.

Automated targeting recognizes these ongoing fluctuations and automatically adjusts offerings to an ever-changing online visitor base.

Unlike manual optimization solutions, automated targeting does not rely upon a pre-determined traffic mix.

Instead, a more fluid engine accumulates information over time and dynamically allocates promotions to each user based on sophisticated predictive analysis.

Managers can monitor these decisions in the background and manually adjust optimizations if they wish.

In addition to personalizing the shopping experience for each customer, automated targeting services deliver additional insight to marketing managers that help shape future campaigns.

Furthermore, they require less time in planning and analyzing than A/B or multivariate tests.

The initial preparation phase is critical, but need occur only once.

Planning for future waves essentially comes back to feeding the system with diverse content variations over time, using the audience insight reports as guidance.

The analysis and traffic mix is automatically handled behind the scenes.

Luxury brands can move forward today with marketing initiatives that automatically optimize promotions within email, deliver unique advertising to users based on predictive attributes, present visitors with a relevant on-site experience and communicate the right purchase reinforcement messages to yield the greatest revenue per visitor.

Automated targeting is the vehicle for attaining true personalization and reaching an unlimited number of customer micro-segments, resulting in greater conversions and sales. This is crucial in the competitive, distinct markets in which luxury brands play.

Pete Olson is vice president of product management at Amadesa, Evanston, IL. Reach him at polson@amadesa.com.