

## Real Time Marketing

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*This note was developed by Ajit Kambil and Paul Nunes, based on Accenture sponsored seminar series on Internet Marketing. This seminar was presented by Gayle Crowell, President of Epiphany. It was conducted in October 1999, at New York University's Stern School of Business.*

Internet retailers spend hundreds of millions of dollars each year to bring users to their Web sites. But once they are there, how can Internet retailers get them to actually purchase? For Gayle Crowell the answer is Real Time Marketing. Her company, Epiphany, specializes in "delivering dynamic, highly-personalized marketing offers and messages across all customer interaction channels in real time, so Internet marketers can convert visitors into customers." In practice, a Real Time Marketing scenario could look like the following: A prospective customer calls his local travel agent to inquire about special travel packages. With a Real Time Marketing system, a travel agent could call up that customer's travel history in a database that depicts his specific travel preferences (e.g., geographic location, price range), and ask the computer database to produce the list of travel packages most appropriate to that particular customer. Rather than offering that customer high-priced ski-vacation packages, a Real Time Marketing database could inform the travel agent that the customer will most likely prefer low-price travel destinations with warmer climates. This, in turn, allows the travel agent to save time and make the marketing message more appealing to that particular customer. The advantages of this highly personalized and immediate marketing approach are manifold, as Table 1 indicates.

**Table 1: The Advantages of Real Time Marketing**

<u>Traditional Marketing</u>	vs.	<u>Real-time Personalized Marketing</u>
Product-centric		Customer centric
Mass marketing		1:1 Marketing
Intrusive		Customer choice & control
One-way messages		Interactive
Long lead times		Internet speed
Off-line		On-line
Low response rates		High response rates
Static		Dynamic
Impersonal		Personalized
High cost		Low cost

### Building a Real Time Marketing Program

Collecting relevant customer data is the first step to building a Real Time Marketing program. Ms. Crowell suggested that Internet retailers consult multiple sources, such as:

- Clickstream data, which provides insight into where a visitor spends time on the Internet
- Affiliate data, i.e., shared customer data that an affiliate collected about a customer
- Mini-surveys and short polls conducted on an Internet company's web site
- Registration data
- Third-party data, which can be purchased from companies such as Epiphany, for example.

The second step for Internet marketers is to analyze and interpret the gathered data in real time, then generate an appropriate response and provide a personalized marketing message to the user. The third step, and perhaps the most crucial, is tracking and fine tuning the Real Time Marketing campaign. After all, not all personalized messages will effect immediate tangible results. A Real Time marketer needs to understand why a Web user did not respond to a particular message, enter the customer reaction into a self-learning Real Time Marketing database, and experiment with alternative messages to determine the messages to which the same or similar customers will be more responsive.

To help marketers build these kinds of programs, companies like Crowell's Epiphany have created systems that use both static and self-learning marketing databases. These systems employ a variety of methodologies, such as probability estimations, collaborative filtering, and traditional data mining techniques to evaluate customer attitudinal and behavioral data and make recommendations.

## The Benefits

A marketing approach that is more interactive and gathers and uses knowledge about a customer to personalize marketing messages can result in more tangible results (see Table 2) as retailers:

- Gain more customer data through positive interactive experience
- Present content or products of relevance that will grab a customer's attention
- Increase the length of a customer's length-per-visit and convert more visitors into customers
- Increase revenues per customer and potentially cross-sell products more effectively
- Reward the best customers and entice them to return more often.

However, there are costs. Crowell points out that software and a call center model can range from \$300,000 up to \$850,000 for a 1000 seat/3 location call center.

In conclusion, Crowell suggested that one needs to strike a balance between over-marketing and marketing without becoming invasive of someone's privacy. She posited that in the future we will own all our personal data that can be made available to retailers on a need-to-know basis. And ultimately, the most important data is the most recent, providing the best insight what the customer needs right now.

**Table 2: Response Rates to Interactive/  
Real Time vs. Passive Marketing Efforts**

	Corporate Initiated Outbound	Customer Initiated Inbound
Interactive	<ul style="list-style-type: none"> <li>• Telemarketing</li> <li>• Email</li> </ul> <p>Response Rate: 4 to 6%</p>	<ul style="list-style-type: none"> <li>• Call Center</li> <li>• Web Interaction</li> <li>• Email</li> <li>• Face-to-face</li> </ul> <p>Response Rate: Double Digit</p>
Passive	<ul style="list-style-type: none"> <li>• Mass Media</li> <li>• Direct Mail</li> <li>• Trade Shows</li> <li>• Catalog</li> </ul> <p>Response Rate: 1 to 2%</p>	<ul style="list-style-type: none"> <li>• Web Surfing</li> <li>• Fax Request</li> <li>• Auto Response</li> </ul> <p>Response Rate: 0 to 2%</p>

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