

# PMGUIDE

2016 PERFORMANCE MARKETING GUIDE

## Behavioural Marketing

IN ASSOCIATION WITH

**SaleCycle**

It doesn't seem long ago since personalised marketing was viewed as the "next big thing" or "upcoming trend".

Now, consumer demand for communications which are relevant to a person's wants and needs has impacted the messaging of virtually every channel in the digital ecosystem.

Personalised marketing has been known to carry a range of benefits, namely in boosting loyalty, customer retention and conversions. But with this considered an essential for running campaigns in the 'digital age', the overarching benefit should be keeping up with expectations and enjoying the effectiveness of such an approach.

Aside from email – where personalisation is a given – areas like social media, search engine marketing and display advertising must now have a much more personalised feel about them in order to prompt the recipient into action.

For the ideal head start, marketers have turned to merging their data (what they know about their customers) with highly effective, highly measurable ad formats, with this giving rise to concepts like behavioral marketing.

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## What is it?

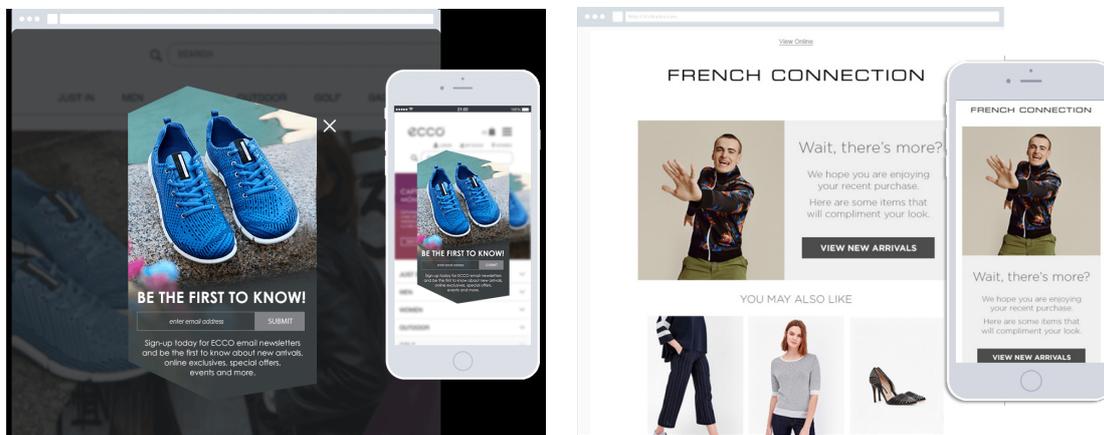
In essence, behavioral marketing helps brands communicate with their website visitors as individuals, engaging each and every one in personalised journeys. It's also a way of describing the combination of automation with an individual's online behavior.

This occurs while they're on the brand's website and after they've left it, helping to convert those who didn't fancy completing their action on the first time around.

By monitoring every single online touchpoint, brands learn all about the interests, actions and preferences of their visitors. This intelligence is then used to craft behavioral marketing campaigns to help curb, influence and reinforce the most important behaviors.

Using the data collected by JavaScript or cookies, brands can use a specialist partner or an in-house solution to automate the behavioral marketing campaign. Either way, the most important aspect for a brand is to reliably deliver the relevant message at the right time.

Behavioral campaigns come in lots of different shapes and sizes, but here are a couple of examples; first from an on-site message, and then from an email campaign.



## The benefits

It's not just a nice theory; marketing messages triggered by an individual's actions can deliver higher rates of engagement and conversions when compared with a one-size-fits-all approach.

Whether it's via email, on-site messaging or SMS, brands using behavioral marketing can deliver a truly unique experience for every single one of their website visitors.

These campaigns can be used to achieve a variety of goals, including:

- Email acquisition
- Personalised customer support
- Tackling cart abandonment
- Increasing customer lifetime value (LTV)

On top of this, there is plenty to be said about the automation that powers behavioral marketing, with this resulting in efficiencies in the execution phase.

With automatic triggering, companies can send the volume of messages required to service the customer's every need without this having a drain on their internal resources. This has proven popular among some of the biggest online businesses, whose ability to deliver messaging across channels has been boosted heavily by the onset of automation within this process.

Arguably the biggest benefit of successful behavioral marketing should impact the consumer. If brands use behavioral marketing campaigns intelligently, it should improve their online journey.

By suggesting products based on past purchase history or triggering live chat for people that appear lost, brands can help themselves by making life better for their customers.

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## Recent trends

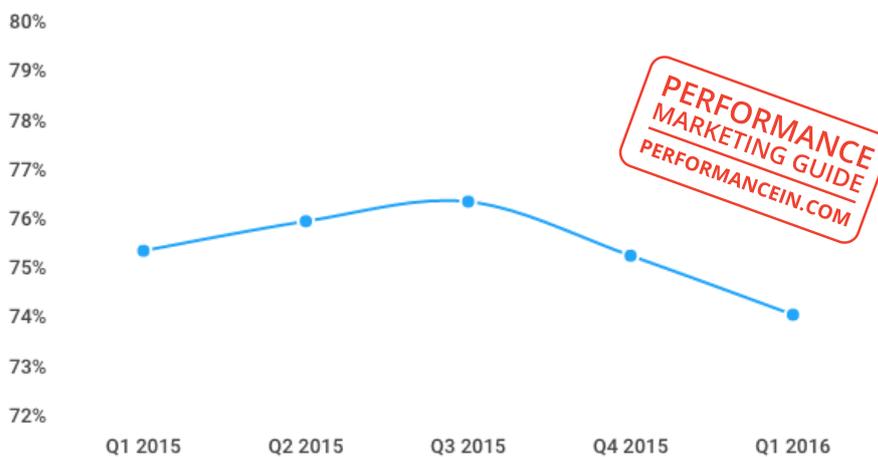
Behavioral marketing was born out of the need to recover abandoned carts. Sending automated emails reminding shoppers to purchase the items they had left in their basket was, and still is, a great way for brands to boost online sales.

This strategy remains an important focus for these groups, with [data from SaleCycle](#) showing the majority of online shoppers leaving their order behind instead of purchasing.

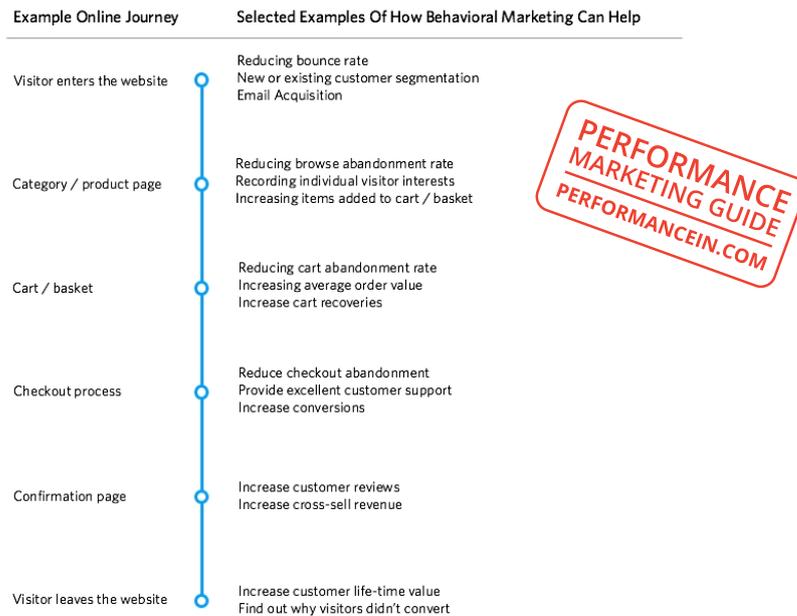
As well as cart recovery campaigns, brands have started tackling their abandonment rates and stopping shoppers from leaving their basket behind – a way of doing things in a far more proactive manner than simply having a process when they they abandon their purchases.

The two-tiered focus appears to be working, with abandonment rates consistently dropping over the past 12 months to 74.3% in Q1 2016 – the first time it’s ever been under 75%.

### Global Cart Abandonment Rate



More recently, brands have been using behavioral marketing to overcome a number of other challenges in the customer journey. The graph below documents the sheer amount of areas this process can improve and enhance virtually every stage of the customer’s route to the checkout, as well as the stages thereafter.



## Challenges

Although the benefits are there to be seen, brands face three main challenges when implementing effective behavioral marketing campaigns.

In no particular order, these are **timing**, **relevancy** and **reporting**.

### Timing

With studies highlighting the effectiveness of triggered campaigns, it's obvious that timing is key to the success (or failure) of behavioral marketing.

Being able to deliver the right message bears little significance unless this can be delivered at the right time, and with so much competition for business, it pays to be in the right place when someone is near making their mind up, or in need of something to inform their decision.

Unfortunately brands that invest in the behavioral approach have quickly discovered that there is no silver bullet approach to finding the perfect time to respond to browser behavior.

Purchase decisions are made all around the clock, with dwell periods lasting anywhere from a few seconds to a number of months.

The only way to overcome this challenge is to run testing to understand the best time to engage or re-engage a shopper. It's possible that some might be scared off by a personalised message that comes in minutes after a cart has been abandoned, or a quick browse has taken place. On the other hand, responding immediately to an action may have the desired effect for both parties, with a lift in conversions proving as much.

Until things are properly tested, it's hard to know how best to time the response.

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### Relevancy

Behavioral marketing gives brands the opportunity to display messages to their online shoppers at every stage of their journey.

However, the temptation to bombard browsers with messages about the latest offers or products could actually damage the shopper's experience.

To keep their browsers engaged, brands should use behavioral marketing to display helpful and relevant messages, tailored to the user's unique circumstances.

Showing a shopper how much more they need to spend to qualify for free delivery or recommending complementary products are great examples of how brands can not only tackle this challenge, but add value to their marketing beyond simply pushing items.

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### Reporting

Finally, being able to clearly view and understand the results of their digital marketing campaigns is a challenge for all businesses. For brands using behavioral marketing, this is no different.

Just one campaign can glean thousands upon thousands of impressions and a sizeable amount of reach. Arguably, this is the wrong space to be considering such metrics as a way of benchmarking success, largely due to what behavioral marketing can do in the right hands.

Analytics such as how many times messages are viewed and clicked are important for brands, as this denotes signs of genuine engagement with what’s being presented.

However, their real challenge is to understand the impact of behavioral marketing on conversions and sales, along with longer-term goals, like customer loyalty.

## Success stories

*Some of the world’s biggest brands have increased their online sales by up to 10% using effective behavioral marketing. But it’s not just sales that businesses have targeted.*

*From email acquisition and providing personalised customer support to recovering abandoned carts and increasing customer lifetime value, brands use behavioral marketing to achieve a number of goals.*

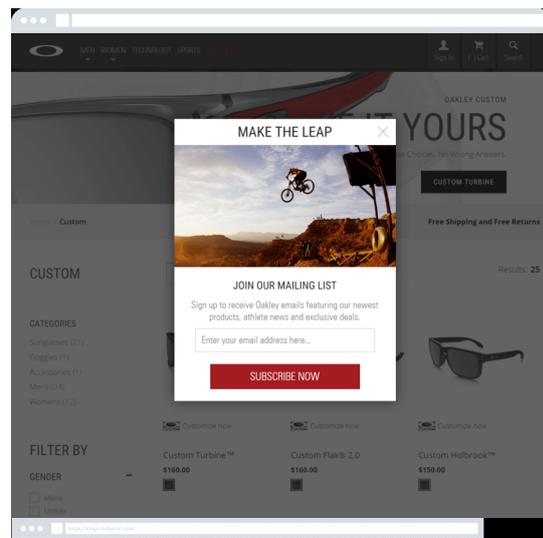
*Let’s look at three leading brands which have had great success with behavioral marketing.*

### Oakley Increases Email Acquisition by 66%

Oakley wanted to increase the size of its database, since customer acquisition and retention were a vital part of the group’s online strategy.

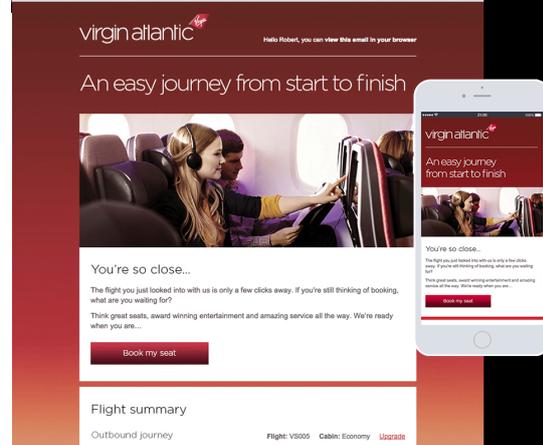
Using an on-site remarketing message, prompting the customer for their email address once they were listed in the buying journey, Oakley rapidly boosted the number of opted-in emails captured by 66%.

Oakley also targeted these email addresses with a cart abandonment email campaign that saw an average order value 58% higher than that of direct sales.



### Virgin Atlantic Boosts Online Sales by 5%

The main objectives of Virgin Atlantic’s behavioral marketing programme was to recover lost bookings and upgrade customers to the next travel class.



Using dynamic segmentation, Virgin Atlantic tailored its marketing messages; emphasising the benefits of different levels of travel according to the type of booking that had previously been abandoned.

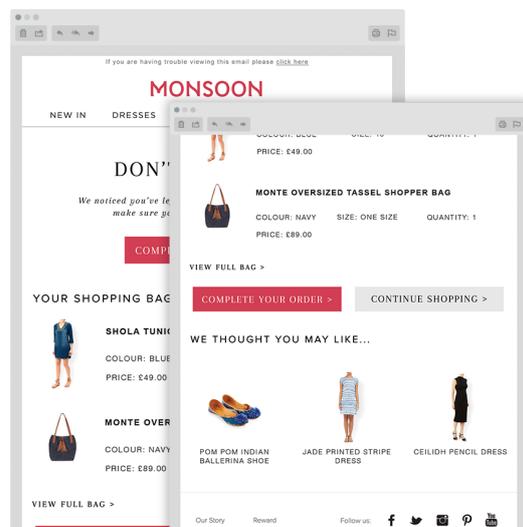
With this targeted approach, Virgin Atlantic generated an impressive \$29 revenue from each email sent. This powerful behavioral marketing campaign resulted in a 5% increase in total online sales for one of the world's leading airlines.

### Monsoon Increases Average Order Values by 38%

The main objectives of Monsoon's behavioral marketing programme was to recover abandoned baskets and to display recommended products.

Using dynamic content, Monsoon included product recommendations in its emails based on the items the shopper had abandoned.

With this approach, Monsoon's average order value for recovered orders was 38% higher than direct website sales. Overall, the brand's behavioral marketing campaigns increased total online sales by just under 5%.



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