

**Engage Consumers &
Increase Buyer Readiness Through
Customer-Centric
Marketing**

MYBUYS®



the e-tailing group

OVERVIEW

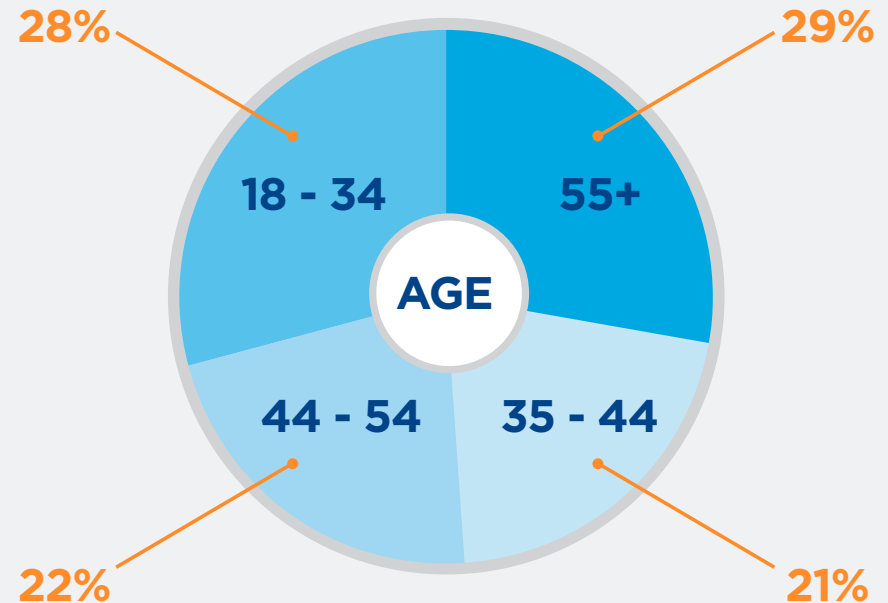
At the end of 2012, MyBuys and the e-tailing group partnered to conduct primary research focused on consumer reaction and perception to customer-centric marketing approaches. The study “How Multi-Channel Personalization Impacts Shopper Attitudes and Buying Behavior” focused on learning more about:

- Why consumers purchase and don't purchase
- What consumers do next when they don't purchase
- Consumer awareness and opinion of online personalization of their shopping experience
- Whether customer-centric marketing drives more sales
- Consumer willingness to share data to improve their shopping experience
- Year-over-year trending of personalization data

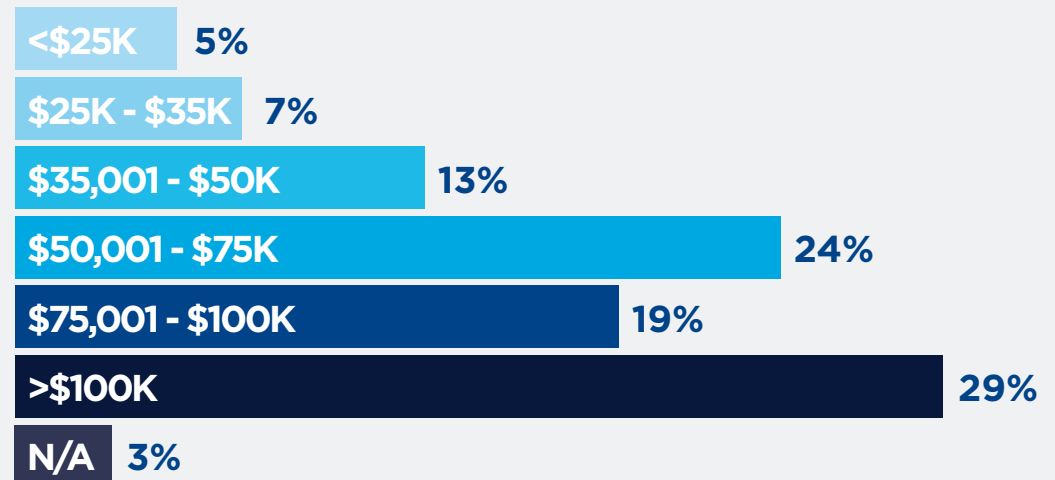
Methodology and Sample Summary:

- The study was conducted in December, 2012
- 1,108 consumers completed an online questionnaire
- 48% female/52% male
- Shopped online at least 4 times per year
- Spent \$250 or more online annually
- 95% owned a smartphone

DEMOGRAPHICS



HOUSEHOLD INCOME



OVERVIEW (CONTINUED)

Retailers are facing more competition to obtain the attention of consumers today. Consumers are now stating they want and expect to have ongoing, multi-channel and personalized experiences. The days of email blasts with one-size fits all promotions, websites with the same offers for all audiences and generic, mass online advertising are rapidly coming to a close.

Retailers can respond by embracing a more holistic approach with customer-centric marketing that delivers higher revenue and customer lifetime value. This affords greater opportunities to recapture a consumer's attention by having ongoing, direct conversations with them as they move toward the ready state of making initial and repeat purchases.

For customer-centric marketing to be effective, retailers need to find and engage consumers wherever they are through cross-channel personalization, and be thoughtful about the consumer buying cycle over time. Customer-centric marketing is already proving to deepen engagement with consumers, accelerate buying readiness and increase both sales and lifetime value.

WHAT EXACTLY IS CUSTOMER-CENTRIC MARKETING?

1:1 CONVERSATIONS
WITH CONSUMERS BY PERSONALIZING
THE SHOPPING EXPERIENCE
FOR EACH INDIVIDUAL

ENGAGING THEM
ACROSS ALL TOUCH POINTS WHENEVER
AND WHEREVER THEY ARE

**ALIGNING WITH THE
SHOPPER LIFECYCLE**
ATTRACT, CONVERT AND NURTURE
OVER THE CONSUMER LIFETIME

LEVERAGING BIG DATA
ACCESS AND ANALYZE LARGE SETS OF
DATA TO MAKE THE RIGHT DECISIONS ON
INDIVIDUAL CONSUMER OFFERS

CONSUMERS ACKNOWLEDGE AND APPRECIATE CUSTOMER-CENTRIC MARKETING

Consumers have become increasingly aware of personalization in their online shopping experience. Its impact is growing quickly and these customer-centric marketing practices are leading to increased purchases.

Retailers that remember the shopping behavior of individual consumers and use it to personalize future experiences are being rewarded – consumers are more engaged and purchasing more.

MyBuys serves hundreds of retailers that have implemented customer-centric marketing approaches. Analysis of detailed transaction data from January 2010 to December 2012 shows that utilizing customer-centric marketing practices during this period resulted in:

- Increases in conversion rates of 50% (page 6)
- Increases in purchase frequency of 300% (page 7)
- Increases in total consumer spending through engaged channels of 500% (page 8)

CONSUMERS INCREASINGLY EXPECT CUSTOMER-CENTRIC MARKETING AND PURCHASE MORE FROM RETAILERS WHO ARE DEPLOYING IT

CONSUMERS ARE INCREASINGLY AWARE OF PERSONALIZATION OF THE ONLINE SHOPPING EXPERIENCE

 **25%**
UP

CONSUMERS VALUE RETAILERS WHO PERSONALIZE THEIR SHOPPING EXPERIENCE BECAUSE THEY REMEMBER & KNOW WHAT THEY LIKE

 **19%**
UP

THE INFLUENCE OF PERSONALIZATION ON THE SHOPPING EXPERIENCE IS INFLUENCING SALES

EMAIL DRIVING PURCHASES

 **11%**
UP

WEB RECOMMENDATIONS DRIVING PURCHASES

 **21%**
UP

CONSUMERS ACKNOWLEDGE AND APPRECIATE CUSTOMER-CENTRIC MARKETING

CONSUMER LEVEL OF AGREEMENT WITH THE FOLLOWING: TOP 2 BOX: STRONGLY/SOMEWHAT AGREE

THE RETAILERS WHERE I SHOP OFFER PROMOTIONS AND MERCHANDISING TAILORED TO MY PAST PURCHASING AND BROWSING BEHAVIOR

53%

66%

↑
25%

I RECEIVE PERSONALIZED EMAILS FROM RETAILERS BASED ON MY PAST BROWSING OR BUYING BEHAVIOR

51%

64%

↑
25%

I VALUE RETAILERS OR BRANDS MORE BECAUSE THEY REMEMBER MY BUYING AND BROWSING BEHAVIOR FROM ALL THE CHANNELS WHERE I SHOP

37%

44%

↑
19%

I PURCHASE MORE FROM RETAILERS WHO SEND ME PERSONALIZED EMAILS BASED ON MY PAST BROWSING AND BUYING BEHAVIOR

34%

41%

↑
21%

I PURCHASE MORE FROM WEBSITES THAT SUGGEST PRODUCTS BASED ON PAST BROWSING OR BUYING BEHAVIOR

35%

39%

↑
11%

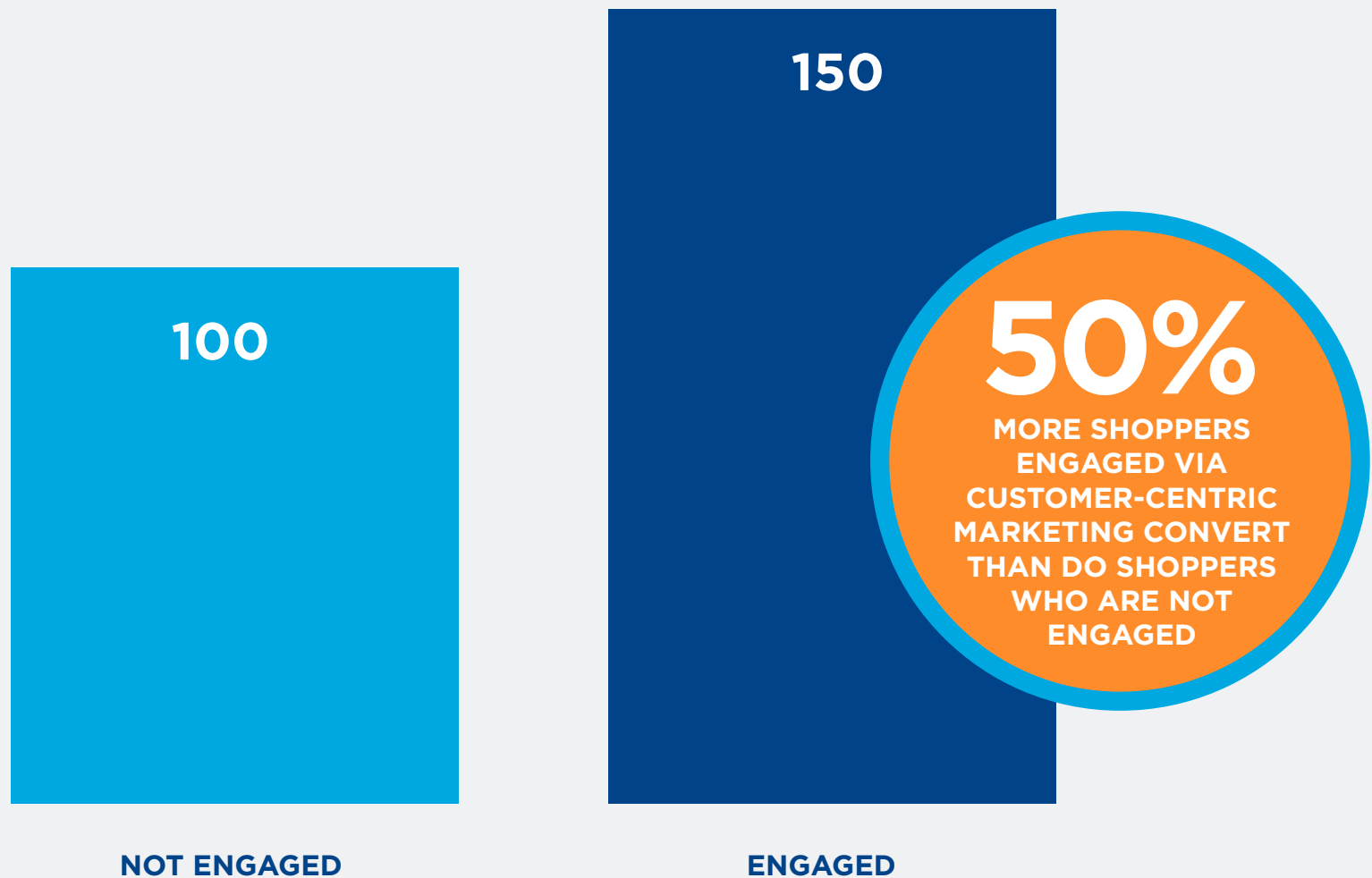
APRIL 2012

DECEMBER 2012

Source: the e-tailing group

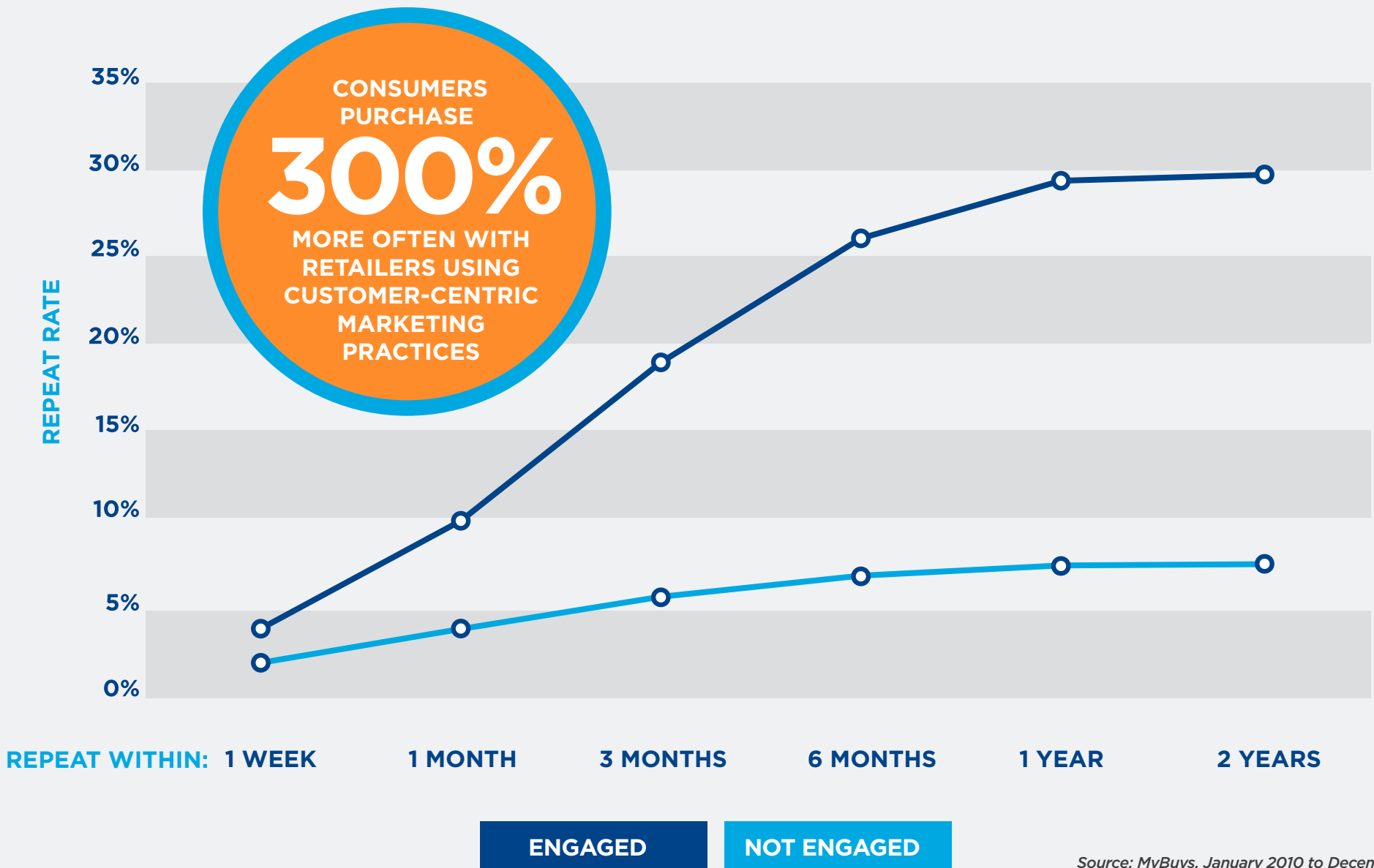
CUSTOMER-CENTRIC MARKETING DRIVES CONVERSIONS

CONVERSION RATE



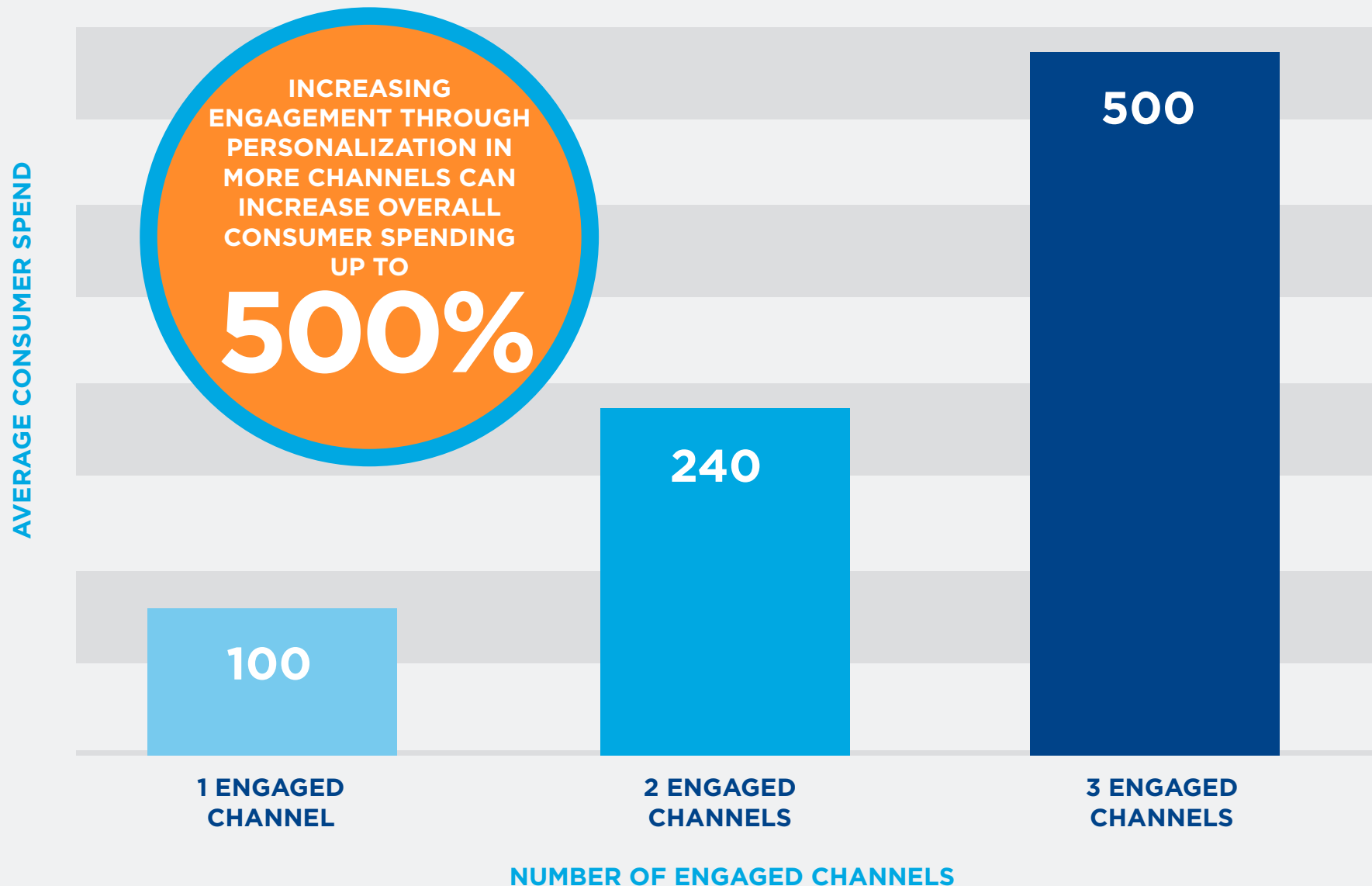
CUSTOMER-CENTRIC MARKETING DRIVES PURCHASE FREQUENCY

AVERAGE PURCHASE FREQUENCY



MORE ENGAGED CHANNELS RESULT IN HIGHER LIFETIME VALUE

AVERAGE CONSUMER SPEND



CONSUMERS FIND VALUE IN PERSONALIZATION AND HAVE COME TO EXPECT IT

Not only are consumers aware of online personalization, they are now telling us that they both value and expect it. The value consumers derive from customer-centric marketing approaches is that it makes it easier for them to find products that are most important to them.

When a retailer understands a consumer's behavior through the decision making shopping process, they can tailor and present personalized messages, offers and communications to them as they get closer to the "ready" state of making a purchase. Over half of consumers agreed that receiving personalized product recommendations on a retailer's site (55%) and/or personalized email (54%) from a retailer related to their past shopping behavior is highly desirable.



**CONSUMERS WANT
EASE OF USE AND VALUE
FROM RETAILERS**

59%

"Retailers who personalize my shopping experience **make it easier** to find the products that are most interesting to me"

53%

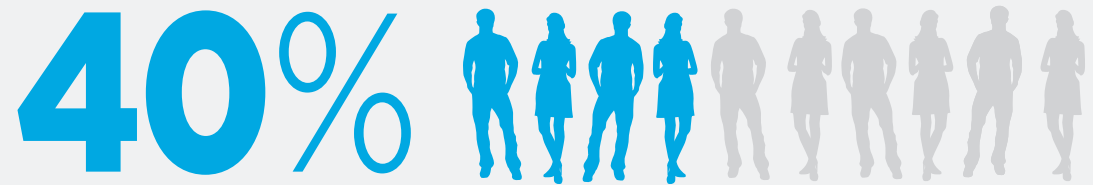
"Retailers who personalize my shopping experience **provide a valuable service** to me"

RETAILERS DRIVE MORE SALES THROUGH CUSTOMER-CENTRIC MARKETING

Retailers who employ customer-centric marketing practices make the shopping experience easier for consumers and provide a valuable service to them. The goal is to increase sales and revenue by delivering a more personalized shopping experience to each consumer. Consumers who receive a cross-channel personalized shopping experience have stated that they are likely to purchase and purchase more from these retailers.

Personalizing across channels (website, email, display ads, mobile, store) allows retailers to dynamically personalize the experience for each shopper, delivering the products they are interested in at exactly the right time, no matter where they are. This provides a consistent shopping experience, helps the consumer reach the ready state and leads to improved conversion and revenue.

CONSUMERS BUY MORE FROM RETAILERS THAT EMPLOY CUSTOMER-CENTRIC MARKETING



OF CONSUMERS BUY MORE FROM RETAILERS WHO PERSONALIZE ACROSS ALL CHANNELS



OF CONSUMERS BUY MORE FROM RETAILERS WHO SEND THEM PERSONALIZED EMAILS



OF CONSUMERS BUY MORE FROM RETAILERS WHO PERSONALIZE WEB RECOMMENDATIONS

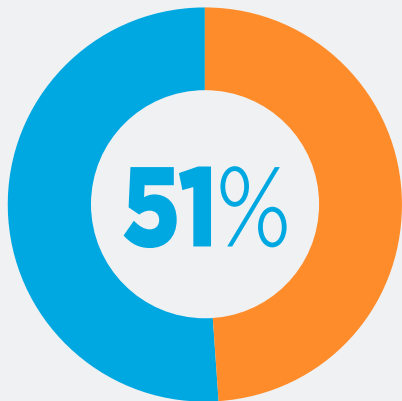


OF CONSUMERS ARE LIKELY TO PURCHASE WHEN THEY SEE AND CLICK ON ADS FOR ITEMS THEY SHOPPED ON A RETAILER'S SITE

CONSUMERS ARE WILLING TO SHARE DATA

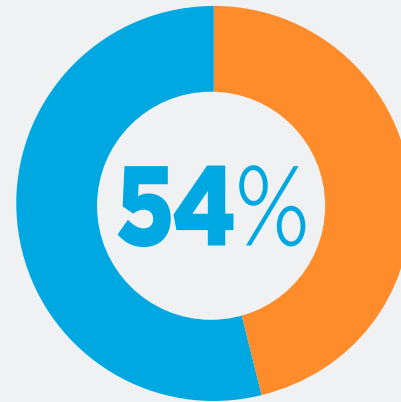
Consumers said they are willing to share data about themselves to expedite and improve their shopping experience. They also stated they will share information about themselves with trusted retailers in order to receive targeted offers, promotions and recommendations in return.

Over half of consumers (54%) accept and acknowledge that retailers are collecting information about their online behavior in order to provide a more personalized experience on their website. And they are willing to share information about themselves to find the products and services most relevant to them—whether they are in the research phase or the ready stage of making a purchase.

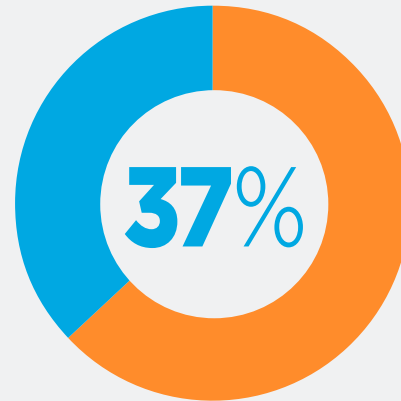


OF CONSUMERS ARE WILLING TO SHARE DATA TO RECEIVE A BETTER SHOPPING EXPERIENCE

CONSUMERS WILL SHARE DATA IN EXCHANGE FOR A MORE PERSONALIZED SHOPPING EXPERIENCE



OF CONSUMERS ARE WILLING TO SHARE INFORMATION TO EXPEDITE THEIR SHOPPING EXPERIENCE



OF CONSUMERS ARE WILLING TO SHARE DATA TO PROMPT THEM TO PURCHASE THROUGHOUT THE YEAR

CONSUMERS DON'T PURCHASE UNTIL THEY ARE "READY"

Retailers spend a lot of time, effort and money attracting consumers to their websites. Yet over 97% abandon those sites without making a purchase*.

There are many reasons why consumers do not purchase, but the main reason consumers abandon retailers' sites is because they are still in the research phase. One in three consumers reported they will abandon without purchasing because it is difficult to find the products they are most interested in.

Retailers need to help the consumer reach the "ready" stage of purchasing. Through customer-centric marketing practices, they can engage the consumer across multiple channels to help them research, decide and ultimately make a purchase. Readiness starts with and requires finding the right product and the right offer.

**Forrester Research*

RETAILERS NEED TO UNDERSTAND EACH CONSUMER'S STATE OF READINESS



44% OF CONSUMERS LEAVE A RETAILER'S SITE WITHOUT PURCHASING BECAUSE THEY ARE **STILL IN THE RESEARCH PHASE**



33% OF CONSUMERS LEAVE A RETAILER'S SITE WITHOUT PURCHASING BECAUSE IT IS **HARD TO BROWSE** FOR PRODUCTS



67% OF CONSUMERS ARE CONFIDENT AND READY TO MAKE A PURCHASE ONCE THEY **FIND THE RIGHT PRODUCT**

INCREASE READINESS BY INTERACTING WITH CONSUMERS WHEREVER THEY ARE

Consumers research products through various means – search, ratings, reviews, friends, word of mouth, and other readily accessible sources of information.

Retailers need to be able to interact with consumers as they move through the shopper lifecycle.

With more and more vehicles available to find information and devices to access it, retailers need to adapt how they market to consumers. Mobile is becoming a driving force for consumers to not only find information, but also to make purchases. 37% of consumers reported they had made a purchase using their smartphones over the past 6 months. That number rises to 54% among consumers age 18-34.

By employing customer-centric marketing, retailers can reach consumers wherever they are to engage them throughout the shopper lifecycle utilizing different vehicles.

IMPORTANCE OF MESSAGING VEHICLES TO HELP PROMPT PURCHASES

EMAIL FROM RETAILERS
WHERE CONSUMERS SHOP

57%

SEARCH RESULTS SHOWING
LOCAL PRODUCT
AVAILABILITY

53%

PERSONALIZED EMAIL
FROM RETAILERS WHERE
CONSUMERS SHOP

50%

SEARCH RESULTS WITH
LINKS TO RETAIL WEBSITE

47%

ONLINE ADS SHOWING
PRODUCTS FROM
RETAILERS WHERE
CONSUMERS SHOPPED

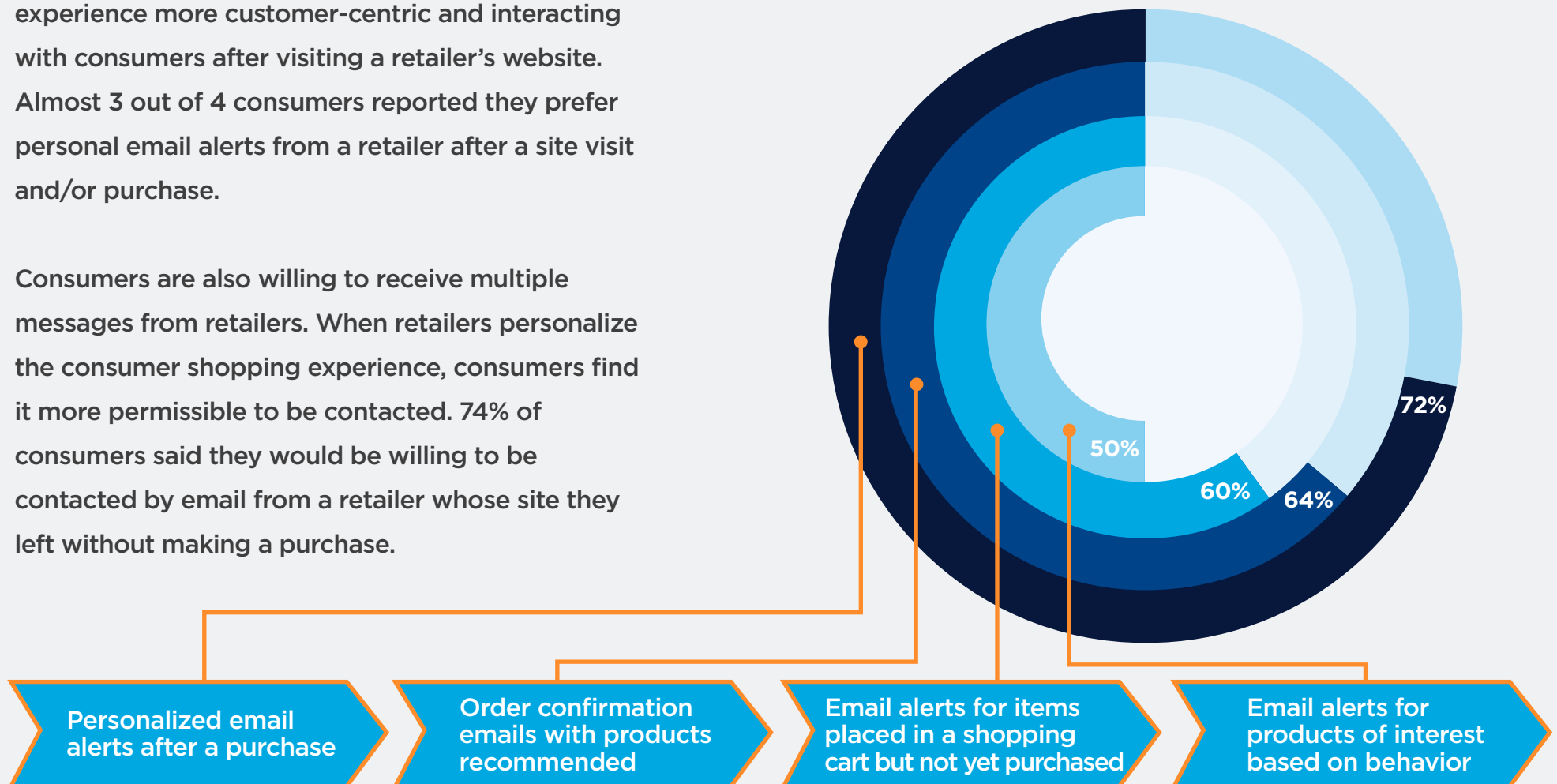
35%

POST VISIT INTERACTION IS WELCOMED BY CONSUMERS

Consumers stated that they see value in customer-centric marketing vehicles and they also welcome them. Personalized email has been a very successful method of making the shopping experience more customer-centric and interacting with consumers after visiting a retailer's website. Almost 3 out of 4 consumers reported they prefer personal email alerts from a retailer after a site visit and/or purchase.

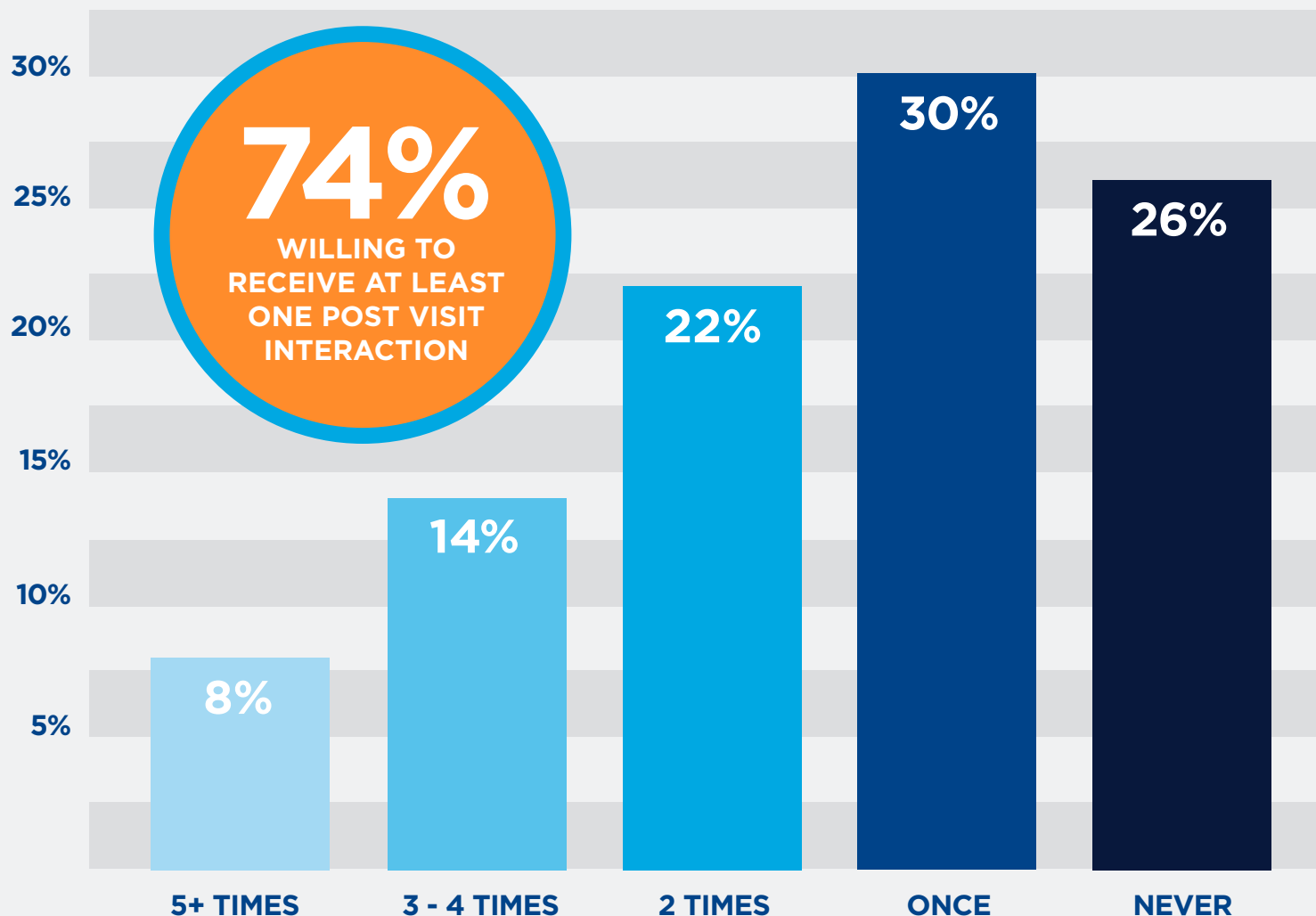
Consumers are also willing to receive multiple messages from retailers. When retailers personalize the consumer shopping experience, consumers find it more permissible to be contacted. 74% of consumers said they would be willing to be contacted by email from a retailer whose site they left without making a purchase.

PREFERRED MEANS OF CONTACT FROM RETAILERS WHERE CONSUMERS HAVE SHOPPED



POST VISIT INTERACTION IS WELCOMED BY CONSUMERS

WITHIN A 30 DAY PERIOD, HOW OFTEN WOULD YOU BE WILLING TO BE CONTACTED BY EMAIL OR ONLINE ADVERTISING BY A RETAILER WHOSE SITE YOU LEFT WITHOUT MAKING A PURCHASE?



RETAILERS NEED TO CONTINUE THE CONVERSATION AFTER SITE ABANDONMENT

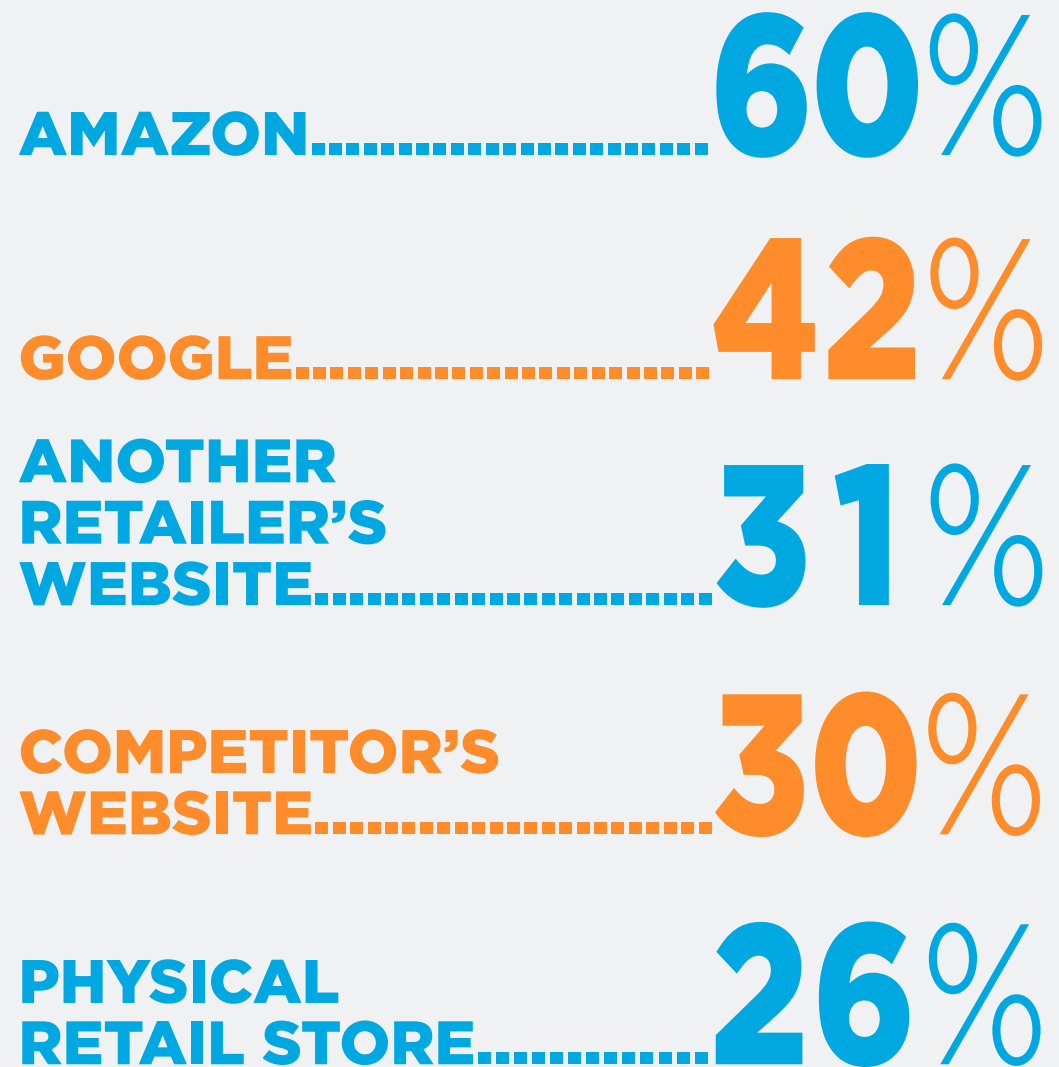
There are many reasons why consumers leave a retailer's site without purchasing. Research is an essential part of the shopping process and abandoning the site doesn't mean the retailer has ultimately lost the sale. To embrace the promise of customer-centric marketing, retailers must be able to continue an ongoing dialogue with consumers across different channels and over the shopper lifecycle.

Consumers who abandoned retailers' sites stated they would do the following:

- Visit the online store again within 60 days (38%)
- View a personalized email triggered from the visit (26%)
- Visit the retailer's physical store within 60 days (23%)

However, there are major competitive threats that could impact whether a retailer can win back a consumer who visited their site. Respondents reported Amazon is the first stop a consumer makes after abandoning a retailer's site. A search on Google is the second highest reported next stop a consumer makes.

A CONSUMER'S NEXT STOP AFTER LEAVING A RETAILER'S WEBSITE



RETAILERS NEED TO CONTINUE THE CONVERSATION AFTER SITE ABANDONMENT

DESPITE NOT HAVING MADE A PURCHASE,
HOW OFTEN WOULD YOU DO EACH OF THE FOLLOWING ONCE YOU HAVE
ABANDONED A RETAILER'S WEBSITE

TOP 2 BOX: ALL THE TIME/VERY OFTEN

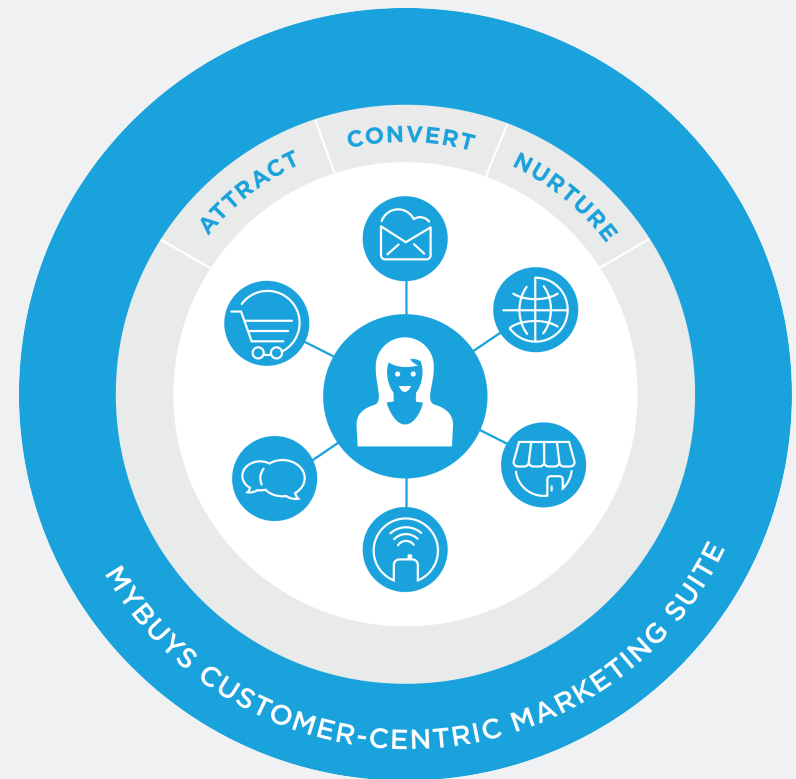


BEST PRACTICES TO ENGAGE CONSUMERS AND INCREASE BUYER READINESS

Many retailers today have created internal silos in which different departments manage web, email, display advertising, mobile and in-store interactions with consumers. With consumers now expecting a more unified, personalized experience and with both Amazon and Google raising the bar, retailers must embrace a customer-centric marketing approach that bridges internal silos and aligns with the shopper lifecycle.

Retailers need to build upon a holistic strategy and employ cross-channel personalization techniques across all touch points to Attract, Convert and Nurture consumers. Consistent, personalized communications will help increase buyer readiness leading to increased purchases from consumers.

So where should you start? Make sure you are thinking about a strategic, holistic approach. Pick an area to start and get a quick win. And most importantly, focus on consumer engagement across channels and personalize the shopping experience for every consumer.



ATTRACT

COST EFFECTIVELY DRIVE THOSE CONSUMERS MOST LIKELY TO BECOME CUSTOMERS TO YOUR SITE

CONVERT

ENSURE THAT THE HIGHEST PERCENTAGE OF VISITORS PURCHASE AT THE MAXIMUM AVERAGE ORDER VALUE

NURTURE

DRIVE REPEAT PURCHASERS & RE-ENGAGE LAPSED CUSTOMERS AND NON-RESPONSIVE CONSUMERS TO MAXIMIZE LIFETIME VALUE

- EVERYTHING PERSONALIZED
- LINK ALL DEVICES
- CONSISTENT DATA
- COORDINATED CAMPAIGNS
- UNIFIED REPORTING
- HOLISTIC MANAGEMENT



www.mybuys.com



CAPTIVATE CAPTURE REPEAT

MyBuys is the #1 customer-centric marketing provider for retailers, consumer brands and agencies. We help our clients maximize the effectiveness of their digital marketing spend by understanding every consumer's unique behavior, preferences, and purchasing history, applying our patent-pending algorithms to predict the products that each individual would most likely purchase and then delivering 1:1 personalized offers and recommendations across e-commerce sites, email, display ads, mobile devices, social media and in direct mail. MyBuys leverages the power of cloud computing and big data to drive unmatched return on investment for our clients, and we today manage more than 250 million unique consumer profiles for more than 400 leading retailers and consumer brands. MyBuys was named one of the fastest growing private companies in America by Inc. Magazine for 2011.

To learn more about Customer-Centric Marketing and how to get started, please contact MyBuys at 888-291-2422 or LearnMore@mybuys.com.