

### Marketing Database

#### WHY MARKETING DATABASES ARE POWERHOUSES FOR MERCHANTS

By **Daniela Forte**, Multichannel Merchant

**M**arketing databases are the powerhouses for B2B and B2C marketers. It helps brands generate targeted lists for direct marketing communications.

Data stored in these databases could include valuable information such as phone numbers, email addresses, purchase history, information requests and much more. Online retailers can benefit from this information.

Offline retailers may use club-card systems to gather this type of information. Additional information may come from customer service; meanwhile, marketing and sales leads create additional customer records.

Data on prospects is largely obtained through third parties. Many businesses will readily sell this information to marketers, while others may have privacy agreements with other customers that prevent them from doing so. Transaction histories may also be sold.

For example, when Borders bookstores went out of business, the company sold customer records to Barnes and Noble, which was then able to market directly to former Borders customers.

In addition to third parties, prospect data can also be obtained through sweepstakes, online registrations and other methods.

Data is a valuable asset for retailers in today's omnichannel world. Retailers get inside looks at how they can improve their websites and in-store experiences for customers.



But which data will be able to help your business? Which piece will generate valuable revenue opportunity? Marketers often have to weed out what is necessary, what isn't and what promises a revenue boost.

Jim Wheaton, co-founder of the Wheaton Group LLC., said when looking for opportunities for revenue gain, it is important to cast a very wide net and keep anything that has any chance of being helpful.

Wheaton explained that you get a very excellent idea of what to keep by approaching the problem analytically.

CONTINUED ON PAGE 2

#### FEATURED IN THIS REPORT



Page 2  
**Nasty Gal Learns to  
Play Nice with Big Data**



Page 3  
**Looking Closely  
at Your Data**

He added that marketing—not IT—should be in charge of a company's data resources, both "traditional" and "big" data. It is essential that the creation of the business-rule infrastructure required to clean/add to/maintain the data are spearheaded by personnel with deep expertise in high-quality analytics.

But how can marketers cut through the clutter to ensure they get brand traction?

## Cutting Through the Data Clutter

In order to cut through the clutter and determine the right data sources, you will want to make a list of all data sources feeding your marketing database and

how frequently that information is updated, as well as the data fields.

You will want to continue the process by locating any duplicate data fields to determine which data source is more accurate and up-to-date. Look at information you may not need, such as a middle initial or phone number that is not necessary for what you need to do.

Removing data that is not contributing to your marketing efforts could require work but the processes will be more streamlined and you will decrease the risk of using incorrect or outdated fields.

One way to clean your database is by eliminating any duplicate names and addresses. Duplicates prevent the marketer from seeing a clear view of the

## Nasty Gal Learns to Play Nice with Big Data

Nasty Gal, an apparel retailer, saw explosive growth in a short period of time that allowed it to attract millions of new customers due to its brand, loyal social following and online engagement, according to a case study.

Nasty Gal's merchandising team needed an analytics solution that could help it to drill down a category, customer and product performance so it could make immediate changes to its online merchandising and marketing campaigns.

In order to continue to grow revenue and grab greater market share to support expansion efforts, Nasty Gal needed to do several things, including:

- Optimize its merchandise strategy to ensure that it is leveraging its product catalog to drive conversions for new customers
- Increase average order value by introducing existing customers to new products
- Decreasing the amount of time non-selling or low-performing products are on the site, occupying valuable real estate in order to command higher price points on other products
- Keep revenue rolling in by segmenting and targeting its audience with the right offers and loyalty perks

"The team required a solution that gave them a data scientist's understanding of data, out of the box—and present it in a way that helped them quickly decide which products to promote," said Dave Thomas, chief technology officer at Nasty Gal, in the case study.

According to Thomas, the retailer chose a customer insights firm because ecommerce is dynamic and it helped tell Nasty Gal exactly which products are performing well in a given day so it could strategically merchandise its website and meet sale targets. Thomas said its merchandisers can log in and quickly view hot and cold products, and then re-merchandise the site in minutes based on what's trending in the business.

"We can also use the data to lead customer acquisition campaigns," said Thomas.

Additionally, Nasty Gal is able to optimize its average sale price by surfacing data around products that are not selling and then discounting them. It can now drive sales to make room for additional inventory three times faster.

"If something isn't selling, we quickly move it off of the site to make room for products that convert at full price, this way, we can preserve pricing integrity," said Thomas.

Nasty Gal is also able to segment its customers by purchase behavior and then target them with personalized offers.

Thomas said the data is accessible to everyone, and the whole team can use the data on-demand to drive Nasty Gal's business strategy.

Thomas said in less than five minutes, merchandisers are able to use the data and make decisions that impact revenue, which he describes as powerful, and not something other solutions can offer.

Nasty Gal plans to expand deploy more broadly across its marketing and customer service teams.

"We think this is a vital tool to our success," said Thomas. "Through examining customer and product data, we know what merchandise to include in our look book based on what our customers want. This will help us deepen our customer relationships, increase our retail presence and position Nasty Gal for the long-term."

As a result, in a matter of 90 days, Nasty Gal saw a revenue increase of 17%, an average order value increase of 10% and average selling price increase of 13%.



customer. This is necessary for accurate analytics, segmentation and targeted marketing.

You will want to make sure that every customer event is captured, including orders, post-demand transactions, promotion history and customer service history if possible.

For example, Dylan's Candy Bar has more than doubled the size of its customer database. The company has a central hub of all customer information from across multiple channels, and uses that insight to deploy personalized, cross-channel marketing programs.

For example, in-store associates are able to promote its loyalty program to the millions of customers who visit its physical stores to help drive additional sales online.



Once your data is clean and healthy again, you can always look for ways to enhance its value in order to drive greater insight. You can help your omnichannel efforts by adding email addresses and phone numbers. Adding enhancements like email addresses to your postal list for a combined email and direct email campaign can improve response rates by nearly 30%.

Other add-ons could be demographics, lifestyle and geographic information, which will help you gain a deeper insight into your customers. Once you know this vital information, you are able to provide more relevant content to your customers.

For example, Danskø, Inc., a comfort footwear brand, distributes its footwear to more than 3,500 retail locations. The company sells its products through specialty retailers and via online shoe venues such as Zappos.com and Shoes.com.

What Dansko was doing however, was manually validating its retailers contact data. The company also compiled the customer contact data through outside sources, which left it feeling as if it had no control over the information streaming into its database.

Dansko looked for a data quality solution that would verify and standardize addresses, and append latitude and longitude coordinates to its contract data. Dansko decided to use Melissa Data's Address Object, a customizable address verification tool and GeoCoder Object, which links geographic data to the ZIP+4 level.

It was able to verify and standardize addresses, catch data-input errors at point of entry and append lat/long coordinates for store locator tools.

Dansko uses the tool to validate and standardize its retailers' contact data, which includes each store's vital statistics such as address, city, state and ZIP code. Once the address is verified and corrected, the company uses GeoCoder to append latitude and longitude coordinates—allowing the company to pinpoint the exact location of each retailer store.

It is critical when it comes down to one of Dansko's important website features. The company's site features a find a store look-up function, which enables shoppers to locate Dansko retailers by entering in a ZIP code or state. With this information, the "Find a Store" function will display a listing of local retailers that sell the brand.

It has enabled Dansko to gain more control over its retailer's contact data. The Address and GeoCoder Objects are customizable APIs, giving the company more flexibility and control over its address verification process.

## Looking Closely at Your Data

Today, retailers are able to look at their customers holistically, which enables them to experiment with innovations to improve the overall shopping experience. The impact of combining in-store and online data will make this a critical business requirement for brands' personalization efforts.

Brands can leverage data from their loyalty programs, since it has proved profitable for retailers. Retailers should use all the data they have about customers to drive the personalized experiences and enhance the online customer experience.



The programs will drive both immediate sales and lifetime value, and brands should use VIP behaviors and habits to create specifically personalized experiences for customers as they hop between the physical store, phone, website and mobile devices.

Since VIP customers want and expect a brand to know them, and they respond to customized and relevant interactions across multiple channels, retailers that embrace multichannel personalization will likely see consumers establishing a deeper emotional connection with their brands.

Matthew Hardgrove, director of marketing for home improvement and decor retailer Home Click says it is using big data to personalize the customer experience by finding pain points and sweet spots in conversion for average customers and utilizing emails to send messages at the right time with the right offer. The retailer is also giving recommendations based on visit and purchase habits.

Hardgrove says that while the company is still in the early stages of seeing the effects of its data, it is seeing higher open, click and conversion rates on emails than it has in the past.

Email, he added, is attributing to a higher percentage of overall revenue toward its business than ever before. Hardgrove says they have done small A/B tests in the past that proved to have large impacts, even just a simple subject line test. Testing subject lines, he explains, helps all other conversion metrics like clicks and conversions.

## Using the Right Technology

Using marketing personalization technology allows marketers to build a better profile of their customers by analyzing their behavior. These technologies look at their browsing history, where they are coming from, what they are purchasing and much more.



The information used helps raise conversion rates and increase share of the wallet. Companies like Walmart and Kohl's analyze sales, pricing and economic, demographic and weather data to tailor product selections at specific stores in order to determine the timing of price markdowns.

Businesses view their personalization systems as growing repositories; the bigger the repositories, the better the quality of insights.

Retailers shouldn't limit themselves to the data they own, as there are other factors to consider. Combine your historical sales data and third-party data so you don't get blindsided. There are multiple data sources to look at as the story emerges among your data sets.

Big data offers relevant personalized customer experiences at each touchpoint throughout the customer journey. Data allows retailers to harness the opportunity to drive actions, but also nurture long-term customer loyalty.

Data is about personalization and it is the driver between you and your competitor. For example, Guitar Center tried to incorporate information about customers based on purchase history. If it knew a customer bought a guitar, it would try to incorporate questions that go along with that purchase.

# MULTICHANNEL MERCHANT

MULTICHANNEL MERCHANT delivers in-depth analysis of trends and best practices, as well as news, research, tactical/how-to and resource information to help marketing, ecommerce, operations and senior management at companies that sell merchandise through multiple channels and deliver the merchandise to the customer wherever they choose- at home, work, store or other locations.