

# Trigger Marketing

Timing is Everything

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## Chapter One: Benchmarking the Best-in-Class

### Business Context

By now, the slogan “right customer, right offer, right channel, right time” has become a universal rallying call, with many chief marketing officers and other senior marketing practitioners believing “right time” is the most important variable of all. Migrating from just-in-case marketing to just-in-time marketing, to borrow an inventory management term, is no easy task. Yet marketers need to maximize campaign response rates, including cross-sell and up-sell activity, by focusing not only on the relevance of messages and offers but also on the timeliness of delivery. To a large degree, this means incorporating and leveraging event triggers. The ability to do so sits at the heart of any sophisticated customer decision model - and, ultimately, serves as a key driver of data-driven marketing improvement and, ultimately, increased revenues, profitability, and shareholder value.

### The Maturity Class Framework

A trigger is a device that automatically executes a response to a certain event. In marketing, triggers are used to automatically deliver targeted messages, offers, recommendations and / or other treatments to customers on an individual basis at the most optimal point in time, based on any number of factors. To repeat an oft-cited example, a financial services firm might make a marketing pitch after noticing a customer made a large deposit or a credit inquiry.

According to Aberdeen research, companies employ a variety of metrics to track and measure the success of their trigger marketing campaigns. For the purpose of this benchmark report, Aberdeen used three key performance criteria to distinguish Best-in-Class companies from Industry Average and Laggard organizations. The criteria are:

- **Precision marketing effectiveness.** To win the attention of customers who are inundated with marketing messages and offers and who suffer from what industry pundits commonly refer to as “marketing fatigue” is no easy task. When used effectively, precision marketing, which in its broadest sense simply means leveraging customer data to present customers with more relevant messages and offers, allows companies to cut through the clutter to elicit a higher-than-average rate of positive customer responses in any given marketing program.
- **Cross-sell and up-sell effectiveness.** Often the direct result of precision marketing activities, companies are becoming increasingly adept at harnessing the power of customer analytics to sell additional products or services to existing customers. The key to success is relevancy and context. Cross-sell and up-sell effectiveness

### Fast Facts

- √ Best-in-Class companies outperform Industry Average and Laggard companies in terms of precision marketing effectiveness and cross-sell / up-sell effectiveness by a factor of 5.3 and 7.3, respectively
- √ Thirty-five percent (35%) of Best-in-Class companies, compared to 8% of Industry Average companies and 4% of Laggards, rank their experiences with trigger marketing as “extremely successful”
- √ Eighty-three percent (83%) of Best-in-Class companies, compared to 55% of Industry Average and 42% of Laggards, indicate that they use transaction behavioral triggers

is largely a function of first gaining a sufficiently deep understanding of a customer's unmet wants, needs, situations and preferences.

- **Customer profitability.** Precision marketing and cross-sell effectiveness should ultimately translate into increased customer profitability, which is commonly defined as the difference between the revenues earned from, and the costs associated with, a customer relationship over a specific period of time. A customer becomes profitable when the value the company derives from that individual exceeds the costs associated with attracting, selling, and servicing him or her.

"Triggers almost always work better than a generic contact. Identifying a segment and sending them a message suggesting they do something will almost always under-perform a trigger-based campaign that's more relevant and timely to that activity."

~ Margo Georgiadis, Chief Marketing Officer, Discover Financial Services

Taken together, precision marketing effectiveness, cross-sell and up-sell effectiveness and customer profitability speak not only to some of the most compelling benefits that can be realized through the implementation of trigger marketing but to the key value drivers that have become the maniacal focus of practically every company competing in today's business environment. Table I illustrates how Best-in-Class, Industry Average, and Laggard companies stack up against one another across these three performance criteria.

**Table I: Top Performers Earn Best-in-Class Status**

Definition of Maturity Class	Mean Class Performance
<b>Best-in-Class:</b> <b>Top 20%</b> of aggregate performance scorers	<ul style="list-style-type: none"> <li>▪ 81% year-over-year increase in customer profitability</li> <li>▪ 88% reported above-average performance in cross-sell and up-sell effectiveness</li> <li>▪ 95% reported above-average performance in precision marketing effectiveness</li> </ul>
<b>Industry Average:</b> <b>Middle 50%</b> of aggregate performance scorers	<ul style="list-style-type: none"> <li>▪ 33% year-over-year increase in customer profitability</li> <li>▪ 12% reported above-average performance in cross-sell and up-sell effectiveness,</li> <li>▪ 18% reported above-average performance in precision marketing effectiveness</li> </ul>
<b>Laggard:</b> <b>Bottom 30%</b> of aggregate performance scorers	<ul style="list-style-type: none"> <li>▪ 0% year-over-year increase in customer profitability</li> <li>▪ 0% reported above-average performance in cross-sell and up-sell effectiveness.</li> <li>▪ 0% reported above-average performance in precision marketing effectiveness</li> </ul>

Source: Aberdeen Group, November 2008

### The Best-in-Class PACE Model

The performance disparities that exist between Best-in-Class organizations and Industry Average and Laggard companies are striking with respect to all three performance criteria. Best-in-Class companies outperform Industry Average and Laggard companies in terms of precision marketing effectiveness and cross-sell and up-sell effectiveness by a factor of 5.3 and

7.3, respectively. The dramatic increase in year-over-year customer profitability experienced by Best-in-Class companies is an even more compelling consideration from a cost justification and return on investment perspective, and is made even more compelling by the fact that survey respondents cite the need to increase customer profitability as the top factor driving their organizations to implement trigger marketing initiatives, in the first place (Table 2).

Aberdeen found that 35% of Best-in-Class companies, compared to 8% of Industry Average companies and 4% of Laggards, rank their experiences with trigger marketing as "extremely successful" in terms of achieving the desired business results - while 50% of Best-in-Class companies, compared to 41% of Industry Average companies and 36% of Laggards, rank their experiences with trigger marketing as "moderately successful."

Just as telling is the fact that six-times more Laggards than Best-in-Class companies (3% versus 18%, respectively) consider their forays into the realm of trigger marketing to be "unsuccessful." That some companies fall short of achieving their business objectives around trigger marketing may be attributed to any number of factors, from a lack of adequate business processes and organizational resources to a failure to put the right performance metrics in place to track progress in a meaningful way.

**Table 2: The Best-in-Class PACE Framework**

Pressures	Actions	Capabilities	Enablers
<ul style="list-style-type: none"> <li>▪ Need to increase customer profitability</li> </ul>	<ul style="list-style-type: none"> <li>▪ Benchmark and define best practices for utilizing event triggers</li> <li>▪ Create a shared understanding of what trigger marketing performance metrics are important</li> </ul>	<ul style="list-style-type: none"> <li>▪ Defined performance metrics for measuring trigger marketing effectiveness</li> <li>▪ Process for enhancing trigger marketing capabilities over time</li> <li>▪ Marketing resources devoted to defining event triggers and associated messages and offers</li> </ul>	<ul style="list-style-type: none"> <li>▪ Centralized customer database</li> <li>▪ Centralized product /services database</li> <li>▪ Campaign management software</li> <li>▪ Rules-based decisioning engine</li> <li>▪ Predictive analytics expertise</li> <li>▪ Data integration and hygiene software</li> <li>▪ Cross-channel integration infrastructure</li> <li>▪ Data mining software</li> <li>▪ E-mail marketing automation software</li> </ul>

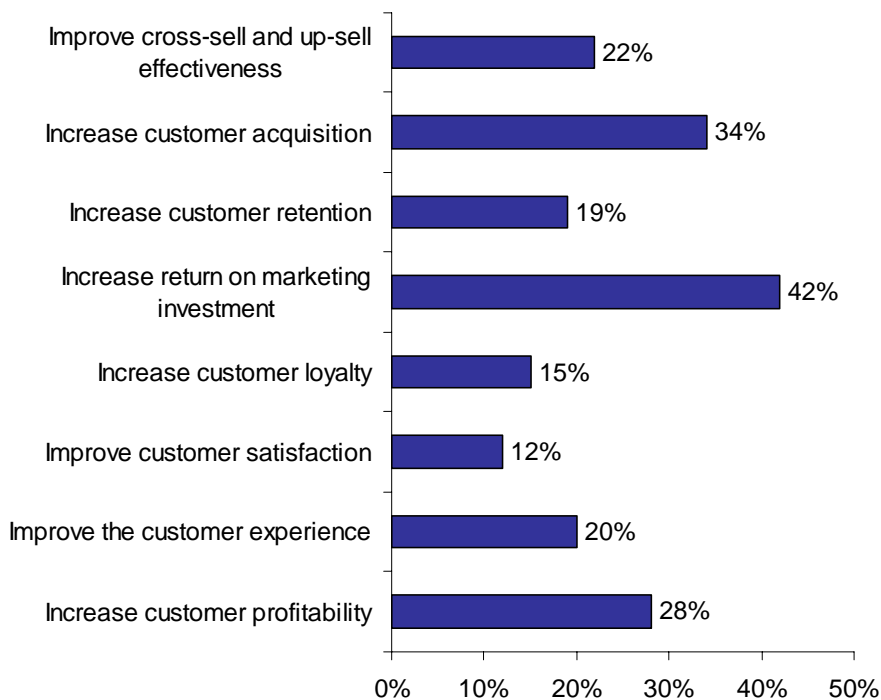
Source: Aberdeen Group, November 2008

### Best-in-Class Strategies

Given the declining effectiveness of traditional marketing programs due to such factors as channel proliferation, audience fragmentation and advertising fatigue, it's no surprise that the need to increase customer profitability emerged as the top pressure compelling Best-in-Class companies to implement trigger marketing campaigns. Any opportunity to drive incremental improvement in customer profitability is cause for celebration in the corporate boardroom. For survey respondents from all companies, the top pressure for implementing trigger marketing campaigns is the closely-related need to increase return on marketing investment.

Other top pressures, which are shared almost equally by Best-in-Class, Industry Average, and Laggard companies, are shown in Figure 1. Taken together, these pressures speak to the need to move beyond traditional marketing tactics and to find new ways to reach existing and prospective customers across multiple touch points. To a large extent, these new ways are fueled by the implementation of capabilities and technology enablers that can be used to harness the power of customer data to drive increased profitability and shareholder value.

**Figure 1: Top Two Pressures - All Respondents**



Source: Aberdeen Group, October 2008

Interestingly, a small percentage (7%) of survey respondents are also viewing the benefits of trigger marketing from a "green" perspective, and seeing it as a way to reduce the volume of direct mail marketing waste. In fact, companies are using multiple strategies to make their customer communications more profitable as well as more environmentally sustainable. The ability to use triggers to deliver more-precise, lower-volume direct mail solicitations is, for many companies, an added benefit.

### Aberdeen Insights — Types of Triggers

There are multiple perspectives on what qualifies as a marketing trigger and no universal agreement on how many categories exist or how they should be labeled. The following are six categories, with some overlap, that speak to some of the most common types of marketing triggers.

**Customer life stage triggers.** Customer life events can have major marketing implications. Such events might include a birthday, a new baby, a new car purchase, a change in marital status, becoming empty nesters and retirement. Detecting a home purchase based on new mover data, an insurance company might offer not only home insurance but also bundled services from home security, home telecommunications and other partners. According to Aberdeen research, customer life stage triggers are currently used by 49% of Best-in-Class companies versus 38% of Laggards.

**Transaction behavioral triggers.** Changes in purchase patterns, as well as changes in spending or account deposits, can speak volumes about a consumer's future purchase intent. A credit card issuer can look at a customer's transactions in certain merchant categories and determine that he or she is engaged in home improvement, travel planning or other activities that indicate marketing opportunities. A bank can learn a great deal from checking account transactions. Just knowing if a customer is cash flow positive or negative can determine whether he or she is a better candidate for a saving or a lending account. A retailer can understand what merchandise to promote next, and when, based on a customer's recent purchases as well as frequent purchase combinations made by other customers in that same segment. Survey respondents report having the most experience with this type of trigger, with 83% of Best-in-Class companies, compared to 55% of Industry Average and 42% of Laggards, indicating that they use transaction behavioral triggers.

**Online behavioral triggers.** Website browsing patterns, requests for information, landing page interactions, etc., can tell a lot about a consumer's wants, needs and interests and allow a company to serve up right-time messages. Determining where a consumer is in terms of their decision-making process, companies can engage a consumer in a relevant conversation that's all the more likely to elicit a positive response. Companies that can detect when consumers are proactively searching for a new car, based on search terms, and click-throughs, can use triggers to automatically serve up a 0% financing offer or directions to the nearest dealer lot for a test drive.

**Expiration triggers.** Products and promotions often have expiration dates which can be used to trigger an appropriate marketing action. In financial services, certificates of deposit, consumer loans and various other products have a maturity date that can be used to signal a context-sensitive offer or message from a lending institution or partner company.

*continued*

"There are a large number of events that companies can observe that have marketing implications in terms of customer acquisition, customer retention and sales opportunities."

~ Arie Goldshlager, Group Vice President, SunTrust Banks

**Aberdeen Insights — Types of Triggers**

**Credit bureau triggers.** Banks monitor customers from the consumer lending perspective using credit bureau data. Information about credit card accounts, mortgage accounts, car loan accounts and even changes to a credit score can be used to trigger relevant responses. If a customer has a mortgage with a bank and the bank sees that the customer is making credit bureau inquiries, then that tells the bank that he or she is actively looking for other credit lending solutions. In that case, a trigger response might initiate a customer loyalty conversation that might involve, for example, an offer for promotional pricing. Monitoring and identify events in credit bureau data has significant implication from both the customer retention and sales perspectives.

**External triggers.** We live in a dynamic economy and business environment. External triggers are tied to such factors as changes in market conditions and competitive activity. More than half (58%) of survey respondents report using external triggers.

To alleviate the broad mix of pressures outlined previously, companies are taking various strategic actions. As shown in Figure 2, the top actions they are taking – or are likely to take in the future – focus on putting in place the right business processes and organizational resources to support trigger marketing initiatives.

**Figure 2: Strategic Actions - All Respondents**



Source: Aberdeen Group, October 2008

That “link trigger marketing activities to increased revenues and other business results” emerged as the top strategic action again points to the financial realities that confront most companies today in terms of the need to increase customer profitability and return on marketing investment. With respect to defining best practices for using triggers to drive marketing improvement, which emerged as the second most important strategic action, companies are well-advised to look beyond the confines of what's been done in their own industry sectors and to adopt successful approaches no matter where the ideas may have originated.

### Case Study — Best Buy

Best Buy is the world's largest consumer electronics retailer. It is also one of the world's most sophisticated companies when it comes to analyzing and acting upon customer data to drive business growth and profitability. For Best Buy, acting upon customer data means, in part, serving up highly relevant marketing messages, store recommendations and product offers by utilizing event triggers tied to individual customer behavior.

According to Matt Smith, Vice President of Financial Services Marketing, trigger marketing provides a marked improvement over traditional targeting mechanisms. “At Best Buy, we've had sales-to-ad ratios as high as 10-times when we start using triggers,” he says. “We've had a great deal of success with particular triggers in relatively narrow product bands.”

Best Buy uses a robust database that interlaces customer transaction histories to enable trigger marketing. Advanced analytics are used to reveal meaningful patterns in the data while a CRM solution makes it possible to manage all of the database extracts. “Four years ago, we we're doing about 50 data pulls a month to drive marketing campaigns,” says Smith, meaning the company pushed direct mail or email offers 50 times a month. Today the company does so more than 800 times a month. “Keeping all of those streams of communications clear and allowing customers to communicate in some but not others becomes a very complex issue,” he says.

According to Smith, Best Buy is now focused on creating the vehicles and access to offers whereby customers themselves can pull the information they need. “The idea is to make a range of offers available to the consumer filtered based upon activity so, in a sense, triggered,” he says.

Of course, trigger marketing is not applicable to every customer purchase. Once a customer builds a computer network, for example, he or she likely won't need another one for a while. The same is true for durable goods like a washer and dryer or even a home theater. “Once we have enough data to recognize you to trigger, you're actually done building out the solution,” says Smith. “Most of the time, you're going to replace the solution typically because it's not meeting some need you have, and often that's a break-fix need. We don't have a lot of ways to get advance warning of that.”

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### Case Study — Best Buy

Non-traditional data, including web navigation clickstream data, holds some promise. Best Buy is trying to push as much of this data to the sales associates as a fulfillment vehicle for triggered offers. The goal is for so-called "blue shirts" to connect customers to relevant offers available in the moment through online, in the store, a store kiosk, and through offers that are available locally.

Another challenge for Best Buy is the fact that the SKU set turns in almost every part of the store every 90 days or so. A particular laptop model is only on the floor for about three months. Most cameras have a six-month product cycle. Home theater is the same as screens become cheaper and thinner. That creates a big challenge at the metadata level.

“One way we looked at early adoption was when a customer purchased a product relative to its SKU life,” says Smith. “But if you’re buying a brand new SKU of plasma TVs right now you’re not actually a plasma TV early adopter. The guys who would have bought one six years ago are early adopters. So there’s an extensive mapping process that has to happen as our SKUs cycle through and that process can overwhelm us to a certain degree. The juice isn’t always worth the squeeze,” concluded Smith.

## Chapter Two: Benchmarking Requirements for Success

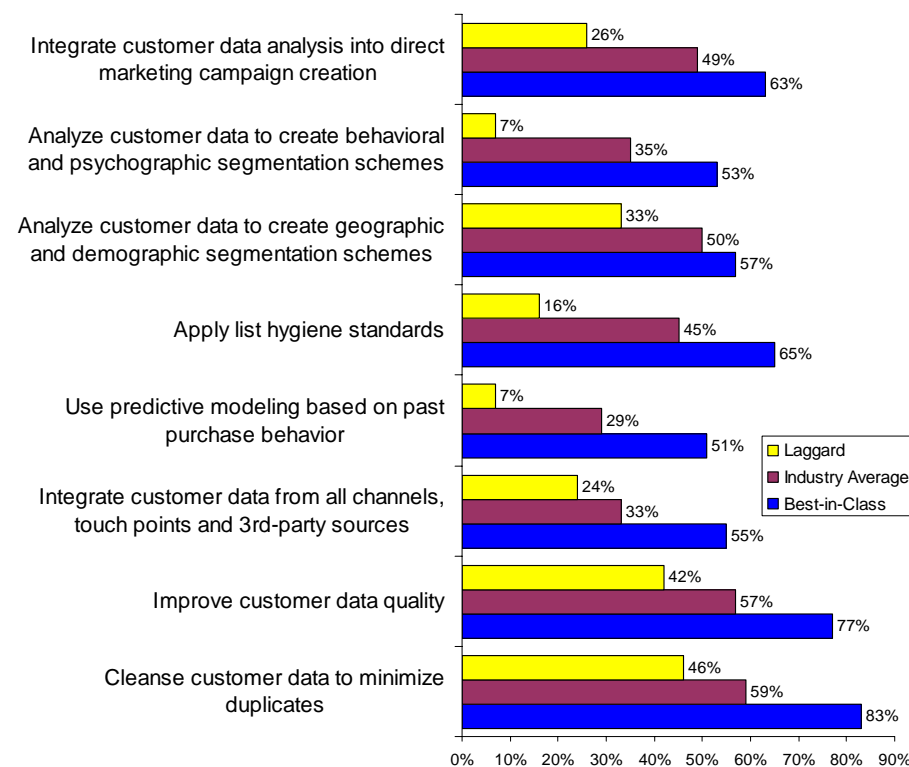
Best-in-Class companies strive on an ongoing basis to understand customer behavior at an individual level and to act upon that understanding to deliver relevant messages and offers at the “moment of truth.” Given the realities of today's recessionary economy, companies can scarcely afford to waste vast amounts of marketing dollars on mass media vehicles that reach the “wrong” consumers. Nor can they afford to reach the “right” consumers at the “wrong” time. Hence the value of marketing triggers.

To be successful with marketing triggers, a company must first deploy the requisite set of tools and capabilities for collecting, storing, integrating, enhancing, and analyzing customer data. Figure 3 shows the extent to which Best-in-Class companies are currently implementing customer data management and analysis activities, either internally or with the support of a third party, to create a unified view of each customer relationship, thereby setting the stage for trigger marketing. Here, again, the disparities that exist between Best-in-Class companies and Laggards are striking.

### Fast Facts

- √ Best-in-Class companies are 7.3 times more likely than Laggards to engage in predictive modeling based on past purchase behavior
- √ Best-in-Class companies are 1.7-times more likely than Laggards to use campaign management software
- √ Best-in-Class companies are 12-times more likely than Laggards to have operations resources devoted to managing trigger marketing campaigns

**Figure 3: Companies Implementing Customer Data Activities**



Source: Aberdeen Group, November 2008

To cite just a few examples: Best-in-Class companies are 7.6-times more likely than Laggards to analyze customer data to create behavioral and psychographic segmentation schemes, which are arguably better indicators of a customer's propensity to respond in a certain way than geographic and demographic segmentation schemes. Best-in-Class companies are four-times more likely than Laggards to apply list hygiene standards, which are necessary for maintaining high data quality. And Best-in-Class companies are 7.3-times more likely than Laggards to engage in predictive modeling based on past purchase behavior. Like good data hygiene practices and behavioral and psychographic segmentation, predictive modeling is an essential component for many types of trigger marketing campaigns.

"When is the best time to market to you customers? In our case, the answer is: when they're happy. We can tell when our customers are happy from booking patterns and operational statistics. Every new order is seen as an event, and these events build up into individualized patterns. Selling to customers at the right time based on what you know about them solves an age-old problem. Using automated alerts and infrastructure to respond to certain changes in real time has enabled us to double the size of our business in two years while keeping the same number of account managers."

~ Jay Bregman, CTO,  
eCourier.co.uk

### Case Study — Discover Financial Services

With more than \$2.5 billion in revenues and 51 million cardholders, Discover Financial Services ranks as the third largest credit card company in the United States. It also has one of the largest marketing budgets of any consumer brand, spending approximately \$700 million per year on advertising and promotion.

For Discover, which operates in an extremely data-rich industry, trigger market is a core capability and strategic imperative. As much as possible, the company has to understand each customer's decision-making process with respect to their need for credit and how their use of related products shifts over time.

"We have a high-intensive relationship with our customers," says Margo Georgiadis, the Chief Marketing Officer. "In many cases, they're using our products multiple times per week and our products encompass so much of their lives that it gives us lots of opportunities to understand ways in which we can become more relevant and trigger-focused."

Discover analyzes data in a myriad of ways to enhance customer relationships and drive increased profitability. Indicators of an opportunity frequently correlate with shifts in a pattern of how customers use a product or interruptions of historical patterns. "It's important that consumers view the services you offer them as relevant," says Georgiadis. If a customer takes step A, what is step B? A big purchase might trigger an offer for a paydown planner, for example, while a recent consolidation of account balances might trigger an offer for a balance management tool. A cash-back bonus bank that has reached a specific level might trigger a different communication, depending on whether the customer fits a certain profile.

"We may know that a consumer will become a loyal user of a product after they've had five types of experiences," says Georgiadis. "But, we don't want to just push them to have those experiences. Pushing people to do things doesn't always produce the right outcome."

*continued*

### Case Study — Discover Financial Services

On the new accounts side, the question is also one of how to reach the right customer at the right time with the right offer. “We spend a lot of time analyzing bureau data and any other information we can glean. We’ve really enhanced our sophistication in terms of the freshness of data and our speed to market,” says Georgiadis.

Triggers drive many types of opportunities at Discover, not all of them involving sales growth. “For us, the key to the brand is rewards, account control and anything else that increases long-term loyalty,” says Georgiadis. The New Accounts team is focused on one set of issues, while the Portfolio Management team is focused on another. The E-commerce Team is focused on imbedding consumers in the web experience and getting them to come back. The common thread? To engage consumers more effectively or to reduce costs by getting people to do self-service in ways that are empowering to them and value-added.

“Triggers become an increasing asset in terms of relevancy because triggers almost always work better than a generic contact,” says Georgiadis. “Identifying a segment and sending them a message suggesting they do something will almost always underperform a trigger-based campaign that’s more relevant and timely to that activity.”

### Competitive Assessment

Aberdeen Group analyzed the aggregated metrics of surveyed companies to determine whether their performance ranked as Best-in-Class, Industry Average, or Laggard. In addition to having common performance levels, each class also shared characteristics in five key categories: (1) **process** (the approaches they take to execute their daily operations); (2) **organization** (corporate focus and collaboration among stakeholders); (3) **knowledge management** (contextualizing data and exposing it to key stakeholders); (4) **technology** (the selection of appropriate tools and effective deployment of those tools); and (5) **performance management** (the ability of the organization to measure their results to improve their business). These characteristics (identified in Table 3) serve as a guideline for best practices, and correlate directly with Best-in-Class performance across the key metrics.

**Table 3: The Competitive Framework**

	<b>Best-in-Class</b>	<b>Average</b>	<b>Laggards</b>
<b>Process</b>	Process for tracking and measuring trigger marketing results		
	70%	38%	20%
	Process for disseminating results from trigger marketing campaigns to key decision-makers		
	53%	32%	8%
<b>Process</b>	Process for enhancing trigger marketing capabilities over time		
	47%	19%	13%
<b>Organization</b>	Marketing resources devoted to defining event triggers and associated messages and offers		
	60%	33%	12%
	Analytics resources devoted to identifying and/or validating behavioral patterns in the customer data		
	49%	28%	12%
	Operations resources devoted to managing trigger marketing campaigns		
<b>Organization</b>	48%	26%	4%
	Trigger marketing supporting technologies currently in use:		
<b>Technology</b>	<ul style="list-style-type: none"> <li>▪ 88% Centralized customer database</li> <li>▪ 70% Performance reporting / digital dashboards</li> <li>▪ 68% Centralized product / services database</li> <li>▪ 63% Content management system</li> <li>▪ 60% Campaign management software</li> <li>▪ 60% Data integration and hygiene software</li> <li>▪ 57% Data mining software</li> <li>▪ 56% Rules- based decisioning engine</li> </ul>	<ul style="list-style-type: none"> <li>▪ 72% Centralized customer database</li> <li>▪ 45% Performance reporting / digital dashboards</li> <li>▪ 52% Centralized product / services database</li> <li>▪ 31% Content management system</li> <li>▪ 42% Campaign management software</li> <li>▪ 31% Data integration and hygiene software</li> <li>▪ 38% Data mining software</li> <li>▪ 20% Rules-based decisioning engine</li> </ul>	<ul style="list-style-type: none"> <li>▪ 56% Centralized customer database</li> <li>▪ 27% Performance reporting / digital dashboards</li> <li>▪ 48% Centralized product / services database</li> <li>▪ 16% Content management system</li> <li>▪ 35% Campaign management software</li> <li>▪ 13% Data integration and hygiene software</li> <li>▪ 7% Data mining software</li> <li>▪ 12% Rules- based decisioning engine</li> </ul>
<b>Performance</b>	Defined performance metrics for measuring trigger marketing effectiveness		
	61%	24%	12%

Source: Aberdeen Group, November 2008

## Capabilities and Enablers

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Marketing triggers allow companies to "strike while the iron is hot." And how do companies go about heating up their irons, in the first place? Based on the findings of the Competitive Framework and interviews with end users, Aberdeen's analysis of the Best-in-Class demonstrates their competitive advantage originates through the utilization of specific capabilities and technology enablers.

### Process

Best-in-Class organizations have well-established processes in place for maximizing the value of their investments in various marketing activities, including those that involve event-based triggers. Most notable is this context is the fact the Best-in-Class companies are 3.5-times more likely than Laggards to have a process for tracking and measuring trigger marketing results. Best-in-Class companies are also 3.6-times more likely than Laggards to have a process for enhancing trigger marketing capabilities over time. This is important given the fact that, like many marketing-related initiatives, trigger marketing is a continuous improvement process.

### Organization

To ensure that the processes a company implements are successful, it is necessary to instill adequate organizational support. Best-in-Class companies far surpass Industry Average and Laggard companies in terms of resources devoted to trigger marketing implementation. Consider: Best-in-Class companies are five-times more likely than Laggards to have marketing resources devoted to defining event triggers and associated messages and offers. Best-in-Class companies are also four-times more likely than Laggards to have analytics resources devoted to identifying and / or validating behavioral patterns in customer data. Finally, Best-in-Class companies are 12-times more likely than Laggards to have operations resources devoted to managing trigger marketing campaigns.

"At Best Buy, we've had sales-to-ad ratios as high as 10-times when we start using triggers. We've had a great deal of success with particular triggers in relatively narrow product bands."

~ Matt Smith, Vice President of  
Financial Services Marketing,  
Best Buy

### Technology

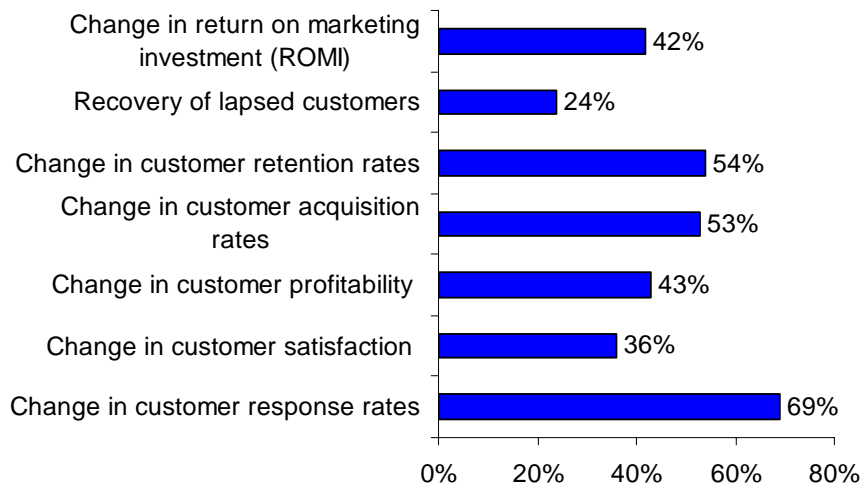
Developing and executing a trigger marketing campaign typically involves a wide range of technology enablers. These include a centralized repository for housing both customer and product data, data mining software for determining when consumers deviate from their normal behavior, and decisioning engines that execute if-then rules. In terms of technology implementation, Best-in-Class companies surpass Industry Average and Laggard companies by a wide margin. For example, Best-in-Class companies are 1.7-times more likely than Laggards to use campaign management software. Best-in-Class companies are also 3.9-times more likely than Laggards to use a content management system. Finally, Best-in-Class companies are 12-times more likely than Laggards to use digital dashboards for trigger marketing performance reporting.

### Performance Management

Defined performance metrics make it possible to measure and increase the value of trigger marketing programs over time. Currently, Best-in-Class companies are more than five-times more likely than Laggards to have defined performance metrics in place for measuring trigger marketing effectiveness.

Today 85% of Best-in-Class companies, versus 40% of Laggards, rank their experience with trigger marketing as either "extremely successful" or "moderately successful," which begs the question: what performance metrics are companies using to measure effectiveness? As Figure 3 illustrates, "change in customer response rate" ranks as the top metric that companies use. This metric - and several others, as well - map to the different stages of the customer lifecycle, from customer acquisition to retention to leverage (cross-sell and up-sell).

**Figure 4: Metrics for Measuring Trigger Marketing Effectiveness**



Source: Aberdeen Group, November 2008

In contrast to various other types of marketing programs - social media marketing being just one notable example - the performance metrics used for trigger marketing campaigns are generally well-defined and easy to track and measure in terms of financial outcomes. In many cases, measuring marketing improvement is a simple matter of assessing such variables as new customer acquisitions, coupon redemptions and incremental sales lift before and after the implementation of triggers. This basis of comparison aids marketing accountability in that CMOs can readily calculate ROI for any given trigger-based campaign.

Incidentally, according to Aberdeen research findings, only 12% of Laggards, compared to more than half (54%) of Best-in-Class companies, have been using marketing triggers for two years or more. Financial service firms, which have a long history of analyzing customer data using scores like

recency, frequency and monetary value (RFM), tend to be relatively sophisticated in their use of marketing triggers. So, too, do major insurance and telecommunication companies. In many other industries, however, the use of triggers is still in its infancy.

### **Aberdeen Insights — Detecting Life Stage Triggers**

A deviation from a person's normal purchase behavior can serve as an excellent early indicator of an impending life stage event. The detection and recognition of the deviation can, in turn, be used to trigger a specific marketing treatment. In anticipation of the arrival of a new baby, for example, parents-to-be naturally tend to make a significant number of baby store purchases. Given the ability to detect and recognize this new purchase pattern, a company could put forward specific products geared to the new parent—a life insurance policy, for example, or an educational savings account plan.

Detecting such patterns in credit card data is not easily done, however, given the challenge of merchant identification. This information is often completely masked, or at least poorly described. At times, there's no telling even the industry in which a merchant operates. The key is to employ sophisticated methodologies, including natural language processing, to try to remove the non-relevant data from the descriptive information, and then augment the relevant information with ancillary data sources to create a reliable match.

Credit card issuers aren't the only companies capable of identifying "new baby" consumers. A list of expectant parents can be derived from gift registries, magazines and self-reported data while postnatal names can be compiled from newspaper announcements and public records as well as from sellers of baby clothing and furniture. This segment can also be reached using "life transition" lists in which respondents have indicated that they intend to have a baby in the next six months.

Or consider triggers for identifying the "home mover" segment, which can be sourced from compiled lists for the new home buyer and new mover market. The data is derived primarily from real estate records (title deeds), change of address on mail order purchases and credit cards, and credit transaction data. According to vendors, new movers and homeowners typically spend more in the first six months of residence than established residents spend in two years.

Operating in today's recessionary economy, CMOs are under more pressure than ever to justify their marketing investments. So what is the role of triggers? As marketing spend shifts from a focus on reaching a mass audience and gaining mass visibility to a focus on precision marketing and narrowcasting, trigger marketing holds enormous promise. In fact, many companies report a 200%, 300% and even 400% improvement in marketing campaign performance using event-based triggers.

CMOs recognize the value of trigger marketing, if their anticipated marketing spends are any indication. According to Aberdeen research, 66% of survey respondents expect to see an increase in their 2009 budget for customer database management and / or analytics technologies - which, again, provide the foundation for launching trigger marketing campaigns while 16% of companies expect their budgets to increase by more than 20%. Research also reveals that 20% of respondents expect their budgets to remain the same and 5% don't know about their budget planning situations. Most telling is the fact that only 15% of all respondents expect their budgets for customer database management and / or analytics initiatives to decline in 2009.

Companies cite the lack of analytics capabilities and implementation resources as the biggest reason for not implementing trigger marketing campaigns. Other major obstacles include budgetary constraints and lack of executive level buy-in. No survey respondents voiced any doubt that trigger marketing would provide sufficient business value for their companies, suggesting that a strong business case may be all that is necessary to secure the requisite level of executive level buy-in.

## Chapter Three: Required Actions

Timing is everything, or so they say. That's certainly true of the need to implement trigger marketing campaigns that can drive both revenue growth and cost reduction. Whether a company is trying to move its performance in trigger marketing from Laggard to Industry Average, or Industry Average to Best-in-Class, the following actions will help spur the necessary performance improvements:

### Laggard Steps to Success

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- **Define best practices for trigger marketing campaign development and execution.** To date, only 21% of Laggards, compared to 39% of Best-in-Class companies, have benchmarked and defined best practices for executing trigger marketing campaigns. Yet why not learn from the experiences of other companies, both inside and outside the industry? Beyond this Aberdeen benchmark report, there are several valuable sources of best practices related to trigger marketing campaigns that companies can readily adapt to their own needs in order to avoid common pitfalls and increase effectiveness. These include direct marketing trade publications and industry events focused on customer data management and marketing analytics.
- **Hire resources that have trigger marketing as part of their job description.** While external vendors, including customer data management solutions providers, data mining software developers, and boutique consultancies specializing in predictive modeling, promotional mix optimization and advanced analytics, can help with the heavy lifting, internal resources are required to manage trigger marketing campaigns on an ongoing basis. Consider the possibility of introducing a new position like Manager of Trigger Marketing. Today Best-in-Class companies are more than 12-times more likely than Laggards (48% versus 4%) to have dedicated operations resources devoted to trigger marketing on their payrolls. The good news is that 60% of Laggards plan to hire these resources in the future.

### Industry Average Steps to Success

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- **Define performance metrics for measuring trigger marketing effectiveness.** Currently, only 24% of Industry Average companies, versus 61% of Best-in-Class companies, have defined performance metrics in place for measuring trigger marketing effectiveness. Without performance metrics, it can be difficult to assess the value of the trigger marketing initiative and to determine whether it warrants continued investment. Like so many other initiatives, trigger marketing is a continuous improvement

### Fast Facts

- √ Only 21% of Laggards, compared to 39% of Best-in-Class companies, have benchmarked and defined best practices for executing trigger marketing campaigns
- √ Seventy percent (70%) of Best-in-Class companies, compared to 27% of Laggards, currently use digital dashboards and data visualization tools for trigger marketing performance reporting

process, and a lack of performance metrics for measuring improvement over time can spell the death of the initiative in the long run, no matter how successful individual campaigns may seem on the surface in terms of driving increased response rates.

- **Disseminate results from trigger marketing campaigns to key decision-makers.** For some companies, customer data management and analytics can be a relatively expensive line item on the balance sheet and senior executives should be made aware of the business results that the investment is yielding, especially given the likelihood that the results will be favorable. The results can also provide insights into customer behavior, product demand and emerging market trends at a granular level. Currently, only 32% of Industry Average companies, compared to 54% of Best-in-Class companies, have a process in place for disseminating results from trigger marketing campaigns to key decision-makers.

"Trigger-based marketing is an important milestone, but not so much in itself. When done correctly it requires one to understand customer / events so well that it's clear which offer or message is most appropriate in a given situation. The trigger allows resources to be redeployed from running routine campaigns to further the understanding of one's customers, furthering the timeliness and relevance of one's efforts. Just don't forget to routinely check that the underlying assumptions behind your triggers haven't changed."

~ Stephan Chase, Vice  
President of Customer  
Knowledge, Marriott

## Best-in-Class Steps to Success

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- **Utilize a digital dashboard for trigger marketing performance measurement.** Companies are forcing the marketing organization to become accountable for its role in driving shareholder value. The marketing organization can only do so, however, by getting a true read on the extent to which a given channel or marketing program is contributing to overall revenues and profits, and by gaining an understanding of the interaction effects of the different channels and programs. To bridge the gap between business needs and technology, companies are leveraging marketing dashboards. According to Aberdeen research, 70% of Best-in-Class companies, compared to 27% of Laggards, currently use digital dashboards and data visualization tools for trigger marketing performance reporting. Companies can use marketing dashboards to not only measure marketing performance but to also engage in scenario planning and experimental design at a tactical level. From an organizational perspective, marketing dashboards facilitate a culture of marketing accountability and progressive improvement.
- **Utilize the mobile channel to drive trigger marketing effectiveness.** Like their key chains and their wallets, consumers take their cell phones with them everywhere they go. And given recent advances in mobile devices and related technologies and standards, companies should seek to capitalize on mobile marketing as an intimate yet ubiquitous way to reach consumers on the go in a relevant, engaging and profitable manner. The ability to automatically deliver context-sensitive trigger marketing messages and offers based on geographic location is powerful, and Best-in-Class companies should leverage the mobile channel and location-based services to their advantage.

### Aberdeen Insights — Summary

Competitive growth and profitability will always be top-of-mind for senior marketing executives. And customer data quality—and customer data management, in general—will continue to be seen as a key part of the solution so far that it lays the groundwork for executing effective customer acquisition, retention, and cross-sell / up-sell programs. These programs require that companies understand the opportunities for marketing relevant products and services as well as the wants, needs, situations, preferences and potential value of prospects and customers on an individual basis to be able to determine their propensity to respond to a given message or offer.

Lester Wunderman, the advertising executive widely considered to be the father of modern-day direct marketing, once remarked that marketers can always figure out what to sell, how to sell, and to whom to sell. What they often can't figure out is *when* to sell. Knowing when prospects and customers are in the market to buy a specific product or service without them explicitly stating their interest is nearly impossible. Or is it?

In fact, trigger marketing provides a way for companies to know, often in a real-time fashion, when customers are in the market to buy, and also a way for them to respond to that knowledge as quickly and as profitably as possible. In essence, it allows companies to become good listeners, to make sense of what they're hearing, and to react in an automated way.

Success in trigger marketing means leveraging the right technologies, analytic and other organizational resources, business processes, and performance metrics to drive customer-centric communications. Ultimately, it facilitates a shift away from pitching goods and services and toward providing customer care and enhancing the overall customer experience. Success also means gaining access to the right customer data—which, after all, is the very lifeblood of any trigger marketing campaign.

*Send to a Friend* 

## Appendix A: Research Methodology

Between October and November 2008, Aberdeen examined the use, the experiences, and the intentions of more than 225 enterprises using or examining trigger marketing initiatives.

Aberdeen supplemented this online survey effort with interviews with select survey respondents, gathering additional information on trigger marketing strategies, experiences, and results.

Responding enterprises included the following:

- *Job title / function:* The research sample included respondents with the following job titles: Manager (24%), Director (18%), CEO/President/Chairman (16%), EVP/SVP/Vice President (13%), and Other (29%).
- *Industry:* The research sample included respondents from the following industries: software/hardware supplier (12%), financial services (11%), IT consulting/services (11%), media/public relations (7%), and other (59%).
- *Geography:* The majority of respondents (74%) were from North America. Remaining respondents were from Europe (12%), the Asia-Pacific region (11%) and rest of world (3%).
- *Company size:* Twenty percent (20%) of respondents were from large enterprises (annual revenues above US \$1 billion); 20% were from midsize enterprises (annual revenues between \$50 million and \$1 billion); and 60% of respondents were from small businesses (annual revenues of \$50 million or less).
- *Headcount:* Fifty-four percent (54%) of respondents were from small enterprises (headcount between 1 and 99 employees); 20% were from midsize enterprises (headcount between 100 and 999 employees); and 26% of respondents were from large businesses (headcount greater than 1,000 employees).

Solution providers recognized as sponsors were solicited after the fact and had no substantive influence on the direction of this report. Their sponsorship has made it possible for Aberdeen Group to make these findings available to readers at no charge.

### Study Focus

Respondents completed an online survey that included questions designed to determine the following:

- √ The emphasis companies place on customer data management
- √ The maturity of trigger marketing initiatives in certain company size and industries
- √ The specific triggers companies use, such as behavioral or credit triggers
- √ The metrics in place to measure the effectiveness of trigger marketing

The study aimed to identify emerging best practices for trigger marketing, and to provide a framework by which readers could assess their own management capabilities.

**Table 4: The PACE Framework Key**

Overview
<p>Aberdeen applies a methodology to benchmark research that evaluates the business pressures, actions, capabilities, and enablers (PACE) that indicate corporate behavior in specific business processes. These terms are defined as follows:</p> <p><b>Pressures</b> — external forces that impact an organization’s market position, competitiveness, or business operations (e.g., economic, political and regulatory, technology, changing customer preferences, competitive)</p> <p><b>Actions</b> — the strategic approaches that an organization takes in response to industry pressures (e.g., align the corporate business model to leverage industry opportunities, such as product / service strategy, target markets, financial strategy, go-to-market, and sales strategy)</p> <p><b>Capabilities</b> — the business process competencies required to execute corporate strategy (e.g., skilled people, brand, market positioning, viable products / services, ecosystem partners, financing)</p> <p><b>Enablers</b> — the key functionality of technology solutions required to support the organization’s enabling business practices (e.g., development platform, applications, network connectivity, user interface, training and support, partner interfaces, data cleansing, and management)</p>

Source: Aberdeen Group, November 2008

**Table 5: The Competitive Framework Key**

Overview	
<p>The Aberdeen Competitive Framework defines enterprises as falling into one of the following three levels of practices and performance:</p> <p><b>Best-in-Class (20%)</b> — Practices that are the best currently being employed and are significantly superior to the Industry Average, and result in the top industry performance.</p> <p><b>Industry Average (50%)</b> — Practices that represent the average or norm, and result in average industry performance.</p> <p><b>Laggards (30%)</b> — Practices that are significantly behind the average of the industry, and result in below average performance.</p>	<p>In the following categories:</p> <p><b>Process</b> — What is the scope of process standardization? What is the efficiency and effectiveness of this process?</p> <p><b>Organization</b> — How is your company currently organized to manage and optimize this particular process?</p> <p><b>Knowledge</b> — What visibility do you have into key data and intelligence required to manage this process?</p> <p><b>Technology</b> — What level of automation have you used to support this process? How is this automation integrated and aligned?</p> <p><b>Performance</b> — What do you measure? How frequently? What’s your actual performance?</p>

Source: Aberdeen Group, November 2008

**Table 6: The Relationship Between PACE and the Competitive Framework**

PACE and the Competitive Framework – How They Interact
<p>Aberdeen research indicates that companies that identify the most influential pressures and take the most transformational and effective actions are most likely to achieve superior performance. The level of competitive performance that a company achieves is strongly determined by the PACE choices that they make and how well they execute those decisions.</p>

Source: Aberdeen Group, November 2008

## Appendix B: Related Aberdeen Research

Related Aberdeen research that forms a companion or reference to this report include:

- [\*Customer Analytics: Segmentation Beyond Demographics\*](#); August 2008
- [\*Email Marketing: Get Personal with Your Customers\*](#); June 2008
- [\*The CMO Strategic Agenda: Automating Closed Loop Marketing\*](#); March 2008
- [\*Best-in-Class and the Marketing Database: Enabling Technologies for Calculating Return on Marketing Investments\*](#); March 2008
- [\*The Precision Marketing Benchmark Report: How Top Performers Turbocharge Investments\*](#); Sept. 2006

Information on these and any other Aberdeen publications can be found at [www.Aberdeen.com](http://www.Aberdeen.com).

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