



OMNICHANNEL MARKETING:

The Key to Unlocking
a Powerful Customer
Experience

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OMNICHANNEL MARKETING:

The Key to Unlocking a Powerful Customer Experience

BY THORIN MCGEE

A survey of more than 450 marketers reveals the challenges and opportunities in omnichannel marketing today, and seven key capabilities your marketing strategy must have to enable great customer journeys

“Omnichannel” is often seen as a retail buzzword. But with devices and communication channels proliferating faster than ever, the omnichannel customer experience is no longer something other marketers can ignore. This survey reveals just how important omnichannel is across industries, what aspects of it are most important to the modern customer journey, the challenges marketers face in implementing omnichannel best practices, and how marketers are building strategies to meet those challenges.

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1. Who Cares About Omnichannel Strategy?

While omnichannel marketing is often seen as a priority for retailers, the need for omnichannel understanding, optimization and delivering a cohesive customer experience has become important to marketers across all industries.

We asked marketers how important the omnichannel experience was in their industry. Only 6 percent said it wasn't important, the lowest answer option, while 34 percent said it was very important, the highest possible response and the most common answer.

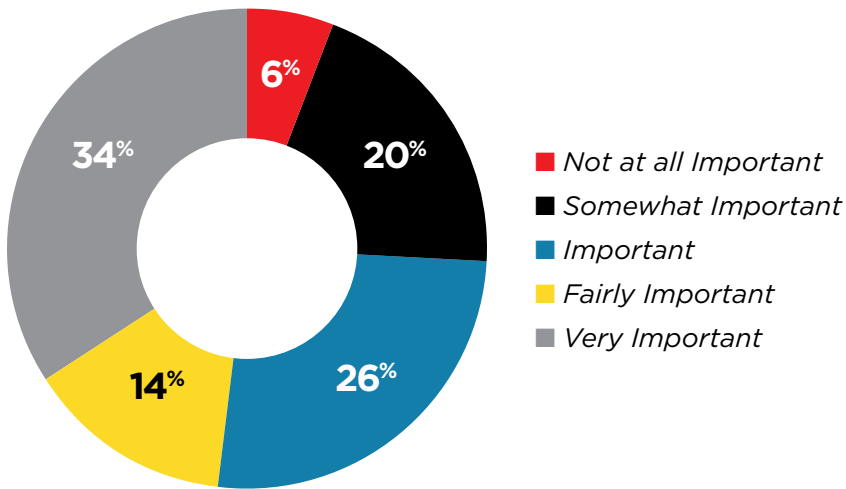
Key Findings

- The omnichannel experience is important to marketers across industries, not just in retail. In fact, non-retail respondents found it even more important than retailers and e-tailers.
- Almost half of respondents are increasing their omnichannel investments, and almost none are reducing them.
- The most challenging and highest priority aspects of the omnichannel experience are identifying customers across channels, integrating channel data, and omnichannel customer service.
- Lack of budget is the biggest challenge to delivering a great omnichannel experience. But lack of personnel with adequate experience, accessing data across channels, and recognizing the customer across channels are close behind.
- Marketers are investing in improving integration and buying new tools to support the omnichannel approach. However, not enough marketers are investing in personnel or training to support this. This is evident both in the quantifiable questions, as well as the open response queries. Marketers repeatedly cite lack of skilled personnel as an issue. Without proper training and know-how, the tools are not going to help. Invest in your people.

Note: Due to rounding, chart percentages may not add up to exactly 100%.

CHART 1

How important is it that customers have a cohesive omnichannel experience in your industry?



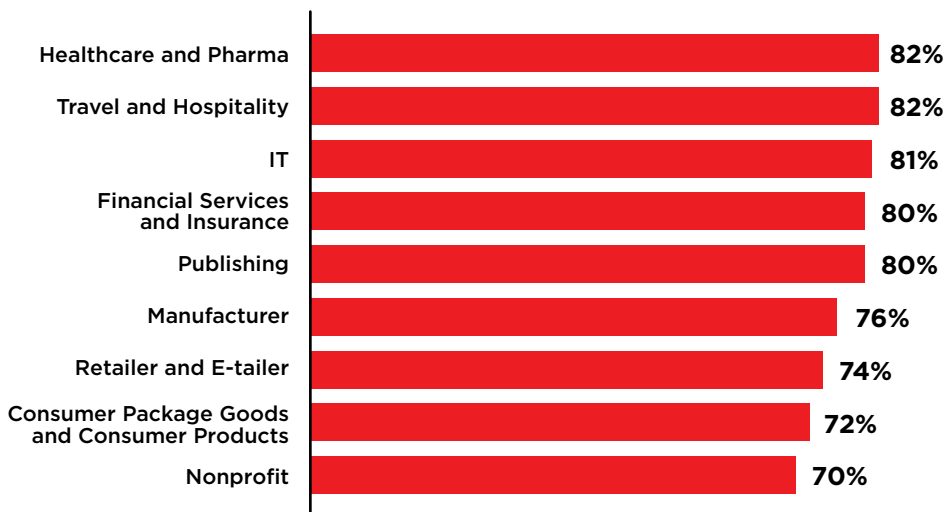
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Overall, 74 percent said it was important, fairly important or very important (essentially a 3 or higher on a five-point scale). That's a high number for an issue that is often seen as a retail problem. But when we look at how the different industries responded to this question, "retail and e-tail" wasn't even in the top five.

Chart 2 looks at what percentage of respondents in each industry said the omnichannel customer experience was "Important," "Fairly Important" or "Very Important." Retail comes in at 74 percent, but healthcare, travel, IT and financial services all had over 80 percent of respondents say omnichannel was "important" or more.

CHART 2

Is it important that customers have a cohesive omnichannel experience in your industry?



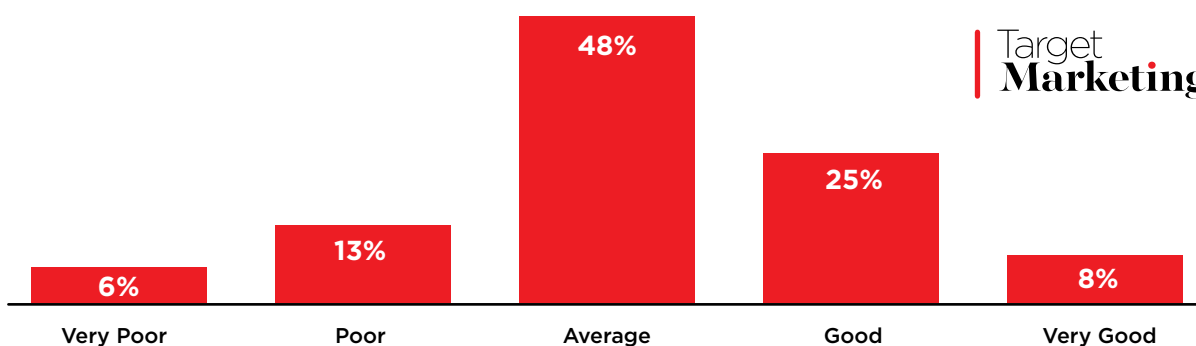
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“In today’s environment, [omnichannel] is extremely important, no matter what industry you are in,” said one respondent. “Today’s customers are self-educating and want the ‘Amazon’ experience. We struggle to provide anything close to this.”

If omnichannel is so important across all industries, how well are marketers meeting those needs? We asked that as well, and the answers [Chart 3], are pretty encouraging.

CHART 3

What quality of omnichannel experience do you feel your company currently provides to customers and prospects?



As you can see, nearly half of marketers consider the omnichannel experience they provide to customers to be average, and more consider it to be “good” than consider it to be poor or very poor. Eight percent even feel their omnichannel experiences are “very good.”

That means 81 percent of marketers responding to this survey believe their omnichannel customer experience is at least good enough.

What does that mean? We also asked “What aspects of the omnichannel experience make it ‘good’?” as an open response question, and the text answers help shed light on what our respondents are trying to do.

The responses focused on consistency of the brand presentation and customer experience across channels, as well as the ability to interact in whatever channels they’re in and want to interact through.

Many comments also mentioned personalization and recognizing customers as they move across channels.

“The amount of channels, as well as the customer experience throughout the entire process” are what’s important, said one response. “You cannot simply say the first step was good, yet the rest of the process was bad, and therefore the whole omnichannel experience was great — everything needs to work seamlessly together.”

Another said, “The message must be consistent, but not always the same. People use their channels in certain ways, and as an advertiser/marketer, we must try to better understand these channels. The messages must be unique to the consumers. Today’s psyche is much more geared to personalization. People want to feel important. They want to feel as if they are a part of something.”

How are marketers making that happen?

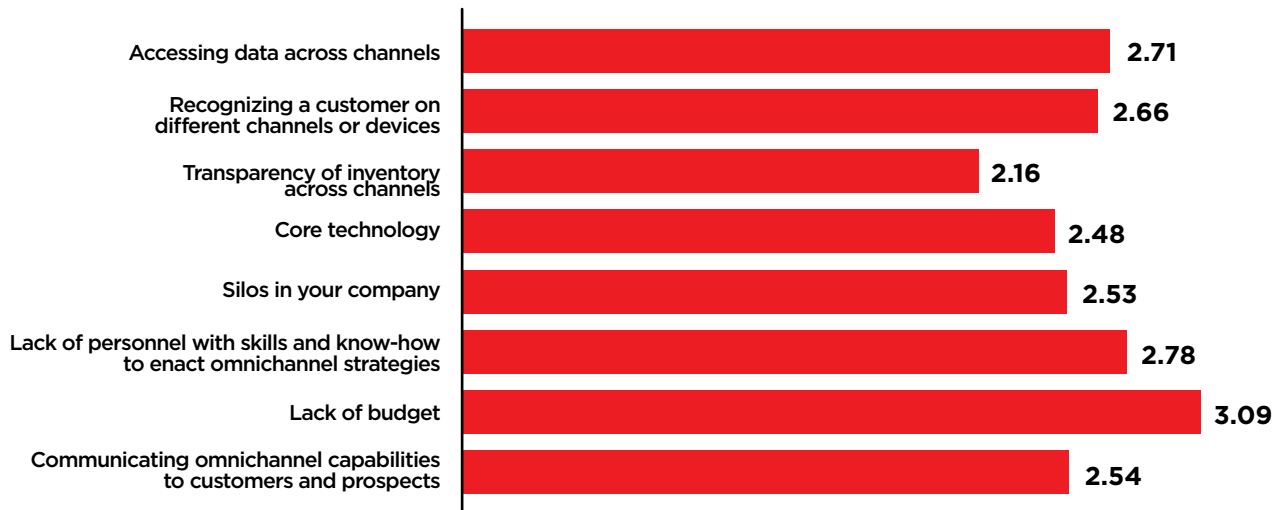
2. Marketing Budgets, Customer Data and Other Obstacles

Creating an integrated, personalized, satisfying omnichannel customer journey is not easy.

We asked what challenges stood in the way of delivering a better experience. For each challenge, we asked whether it was “Not a Challenge,” “Somewhat Challenging,” “Challenging,” “Very Challenging” or “Extremely Challenging.” We distilled that into a 1-to-5 scale (1 for “Not a Challenge” and 5 for “Extremely Challenging”) to produce Chart 4.

CHART 4

What are the biggest challenges to your omnichannel strategy?



Weighted Average

1 = Not a Challenge

4 = Very Challenging

2 = Somewhat Challenging

5 = Extremely Challenging

3 = Challenging

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Overall, that chart suggests that marketers do not feel overwhelmed by any aspect of the omnichannel experience. But lack of budget, lack of cross-platform data and customer recognition, and lack of personnel with the necessary skills are holding omnichannel back.

By far, lack of budget is the biggest challenge, with an average score roughly 10 percent higher than any other answer. That was followed by lack of personnel with the necessary skills and knowledge, and accessing the data across channels (which can be viewed as a function of the first two, because it takes marketing technology and data know-how to track customers across platforms).

When we compare that to the answers for what makes an omnichannel experience good — which emphasized consistent brand experience, channel integration and tracking customers across channels — it becomes clear that the same things it takes to create a great omnichannel experience are exactly what these challenges prevent.

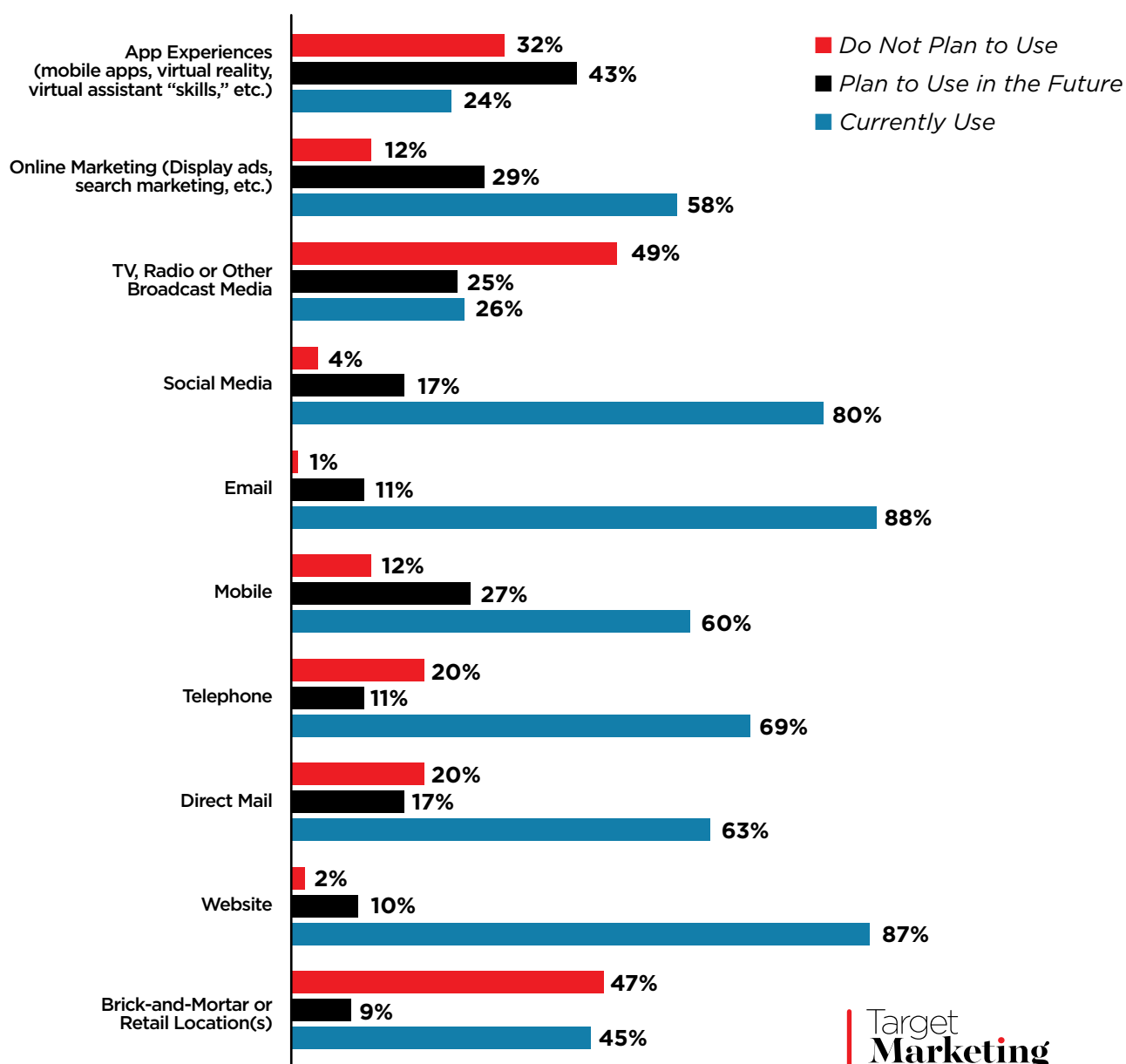
3. The Omnichannel Customer Experience Today

It's one thing to ask marketers what makes a good omnichannel experience and how well they feel they do it, but we wanted to get a deeper idea of how marketers are interacting with customers and the kinds of omnichannel experiences they enable.

First, we asked which channel they use to interact with customers, and which they planned to use in the future [Chart 5]. Then we asked which channels customers could use to actually make a purchase [Chart 6].

CHART 5

Which channels do you use or plan to use to interact with your customers?



There aren't necessarily a lot of surprises in Chart 5. We know that around 98 percent of Target Marketing readers use email to connect with customers, and here it's 88 percent currently using it and another 11 percent planning to use the channel in the future. Next up, marketers employ websites (87 percent currently use, and another 10 percent plan to do so) and social media (80 percent currently, 17 percent plan to begin).

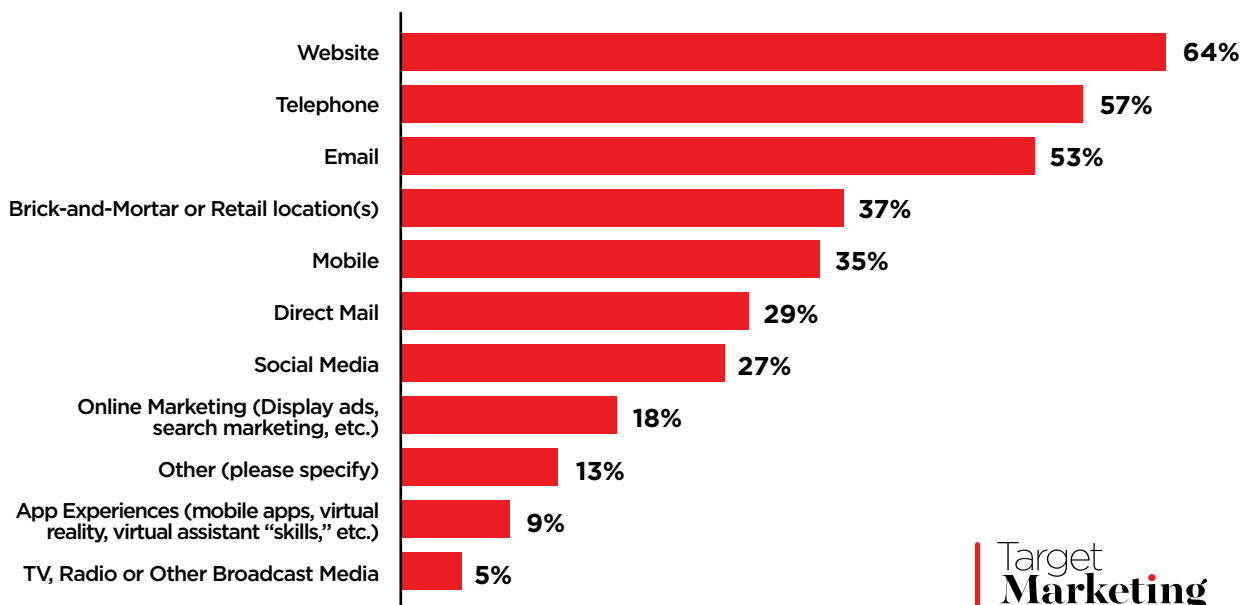
Mobile, telephone and direct mail are all used by over 60 percent of respondents, and most marketers currently use online marketing.

Respondents least used broadcast media, such as TV and radio, at 49 percent "do not use." Then retail stores at 47 percent "do not use" (but 45 percent "currently use," so it's essentially a 50-50 split, which makes sense for the industries that were surveyed) and app experiences (32 percent do not use this method).

However, two of those least-used channels are also among the biggest ones that marketers plan to use in the future. Leading that list is app experiences, which 43 percent plan to roll out in the future. That's followed by online marketing at 29 percent, mobile at 27 percent, and broadcast TV and radio, which 25 percent plan to use in the future.

CHART 6

Through which channels can customers actually make a purchase (or donation, if nonprofit) from you?

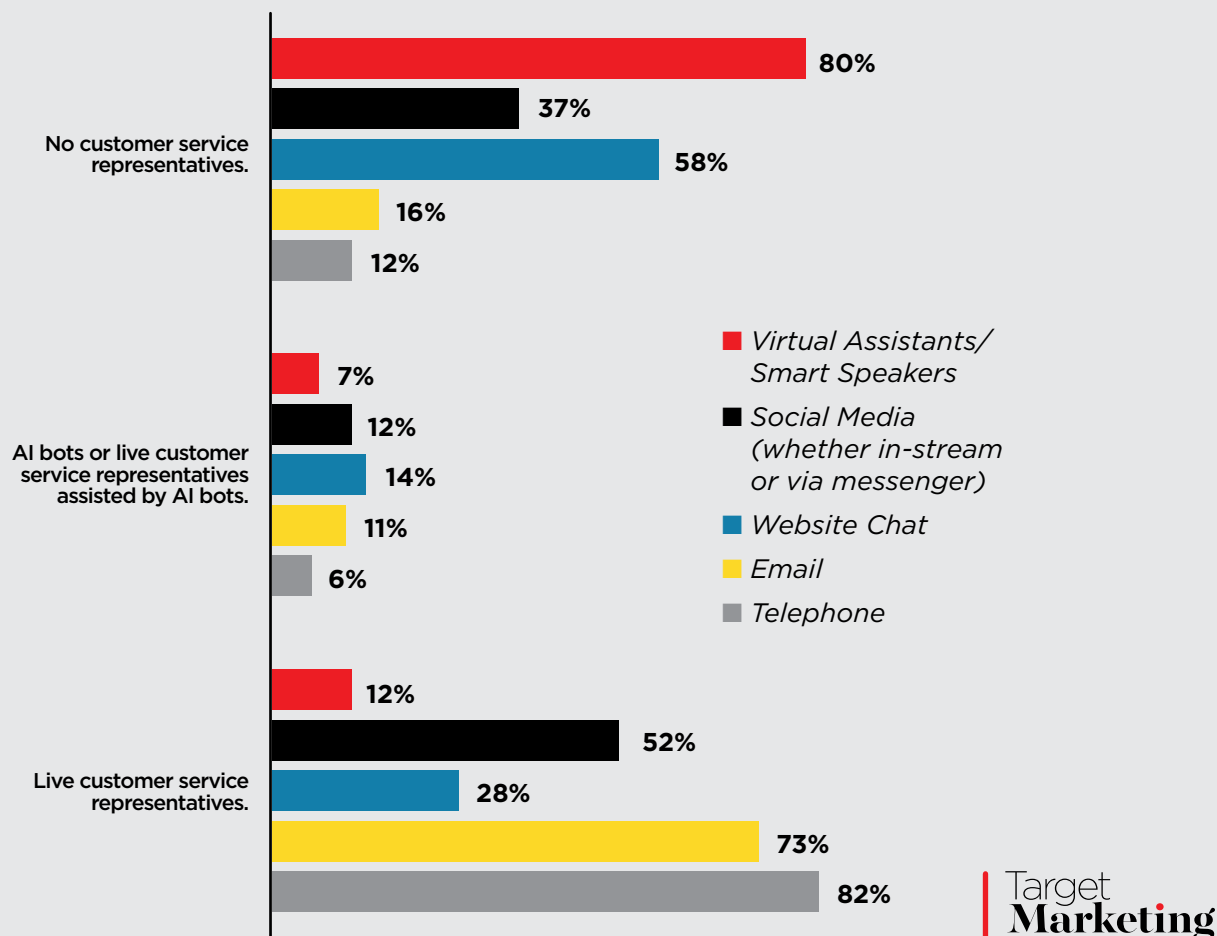


Looking specifically at where customers can do business with these marketers, we see that most allow sales through the website, telephone and email. More than a third allow customers to shop at a retail store, although that is surprisingly lower than the number who interact with customers through a brick-and-mortar or retail location in Chart 5 (45 percent).

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Omnichannel Customer Service

In each channel below, do you offer live customer service representatives for customers and prospects to interact with, artificial intelligence “bot”-assisted customer service, or no customer service?



As part of our analysis of the omnichannel experience today, we also looked at how marketers are providing customer service and whether or not they are getting AI involved.

Perhaps not surprisingly, 82 percent of marketers offer live customer service over the phone, 73 percent through email and 52 percent through social media. But only 28 percent offer live service through website chat, and almost none do via virtual assistants (which is an emerging field).

Very few respondents are dabbling in AI or AI-assisted customer service. However, 14 percent do so through web chat — which means half of all web chat is being handled by AI. That's followed by social media and email.

Outside of website chat bots, AI customer service is still a rare experience. Also, marketers do not yet seem to consider virtual assistants and smart speakers to be important service channels.

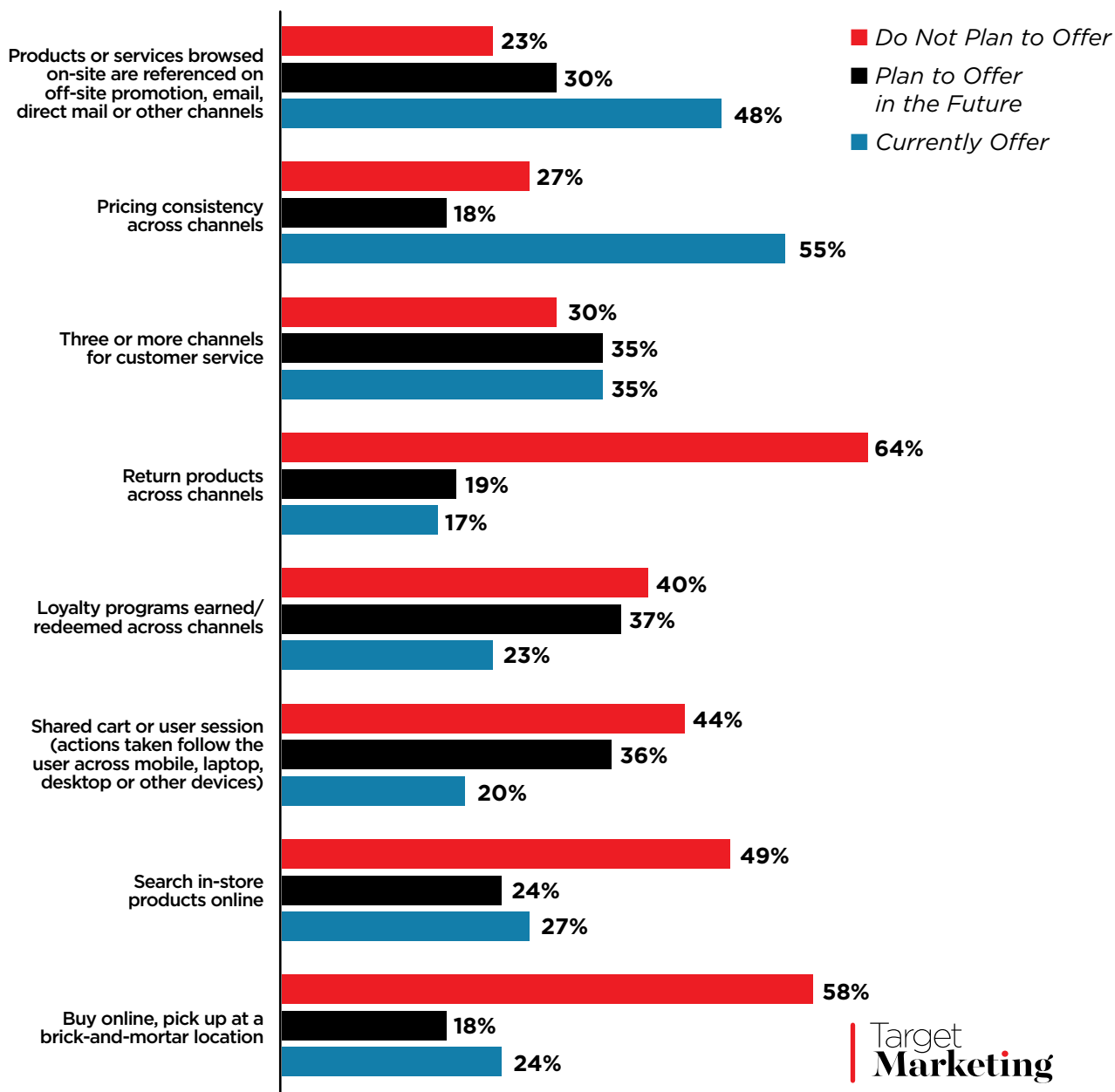
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Only 35 percent of those surveyed currently allow sales through mobile, and only 9 percent through app experiences.

In terms of connecting these dots, we asked specifically what omnichannel “experiences” our respondents offered. Admittedly, an “omnichannel experience” can be difficult to define. But as you can see from Chart 7, we wanted to look at the specific things these marketers do that bridge channels and create that omnichannel customer journey.

CHART 7

What omnichannel experiences — experiences that link the customer profile and actions across different channels — do you currently offer or plan to offer in the future?





The only omnichannel feature most respondents say they offer is pricing consistency. Everything else is offered by fewer than half of respondents. That makes sense when we think about how easy or difficult these experiences are to enable. For most marketers, it would take more effort to make prices inconsistent across channels than consistent.

It's a little surprising that more of these features aren't rolled out across more responding companies. Considering that three-quarters of these survey-takers said omnichannel was important to their businesses in Chart 1, not many are doing much to make it happen.

The next most-common omnichannel experience takes more technical know-how: Almost half (48 percent) of our respondents recognize the products consumers have browsed on-site and use them in other promotions, either off the site or in other channels. Another 30 percent plan to offer this in the future (for a healthy 78 percent who either do this now or plan to do so). A lot of this is most likely implemented as retargeting, which has become a staple for many online marketers and is mostly enabled by third-party ad platforms.

About a third of respondents plan to offer either shared carts/user sessions across channels, omnichannel loyalty programs or three or more channels of customer service.

Altogether, this gives us a pretty clear indication of where omnichannel standards — and customer expectations — are headed. To deliver a good omnichannel customer experience, you will need to:

1. Offer a consistent customer experience across all channels.
2. Interact with customers on many channels, online and offline.
3. Be able to recognize individual customers across channels.
4. Leverage information from the core customer record and individual interactions across all channels.
5. Reference actions taken in the past on any channel in live interactions happening in the present on any channel.
6. Enable purchasing wherever the customer wants to buy.
7. Enable customer service wherever the customer wants to interact with the marketer.

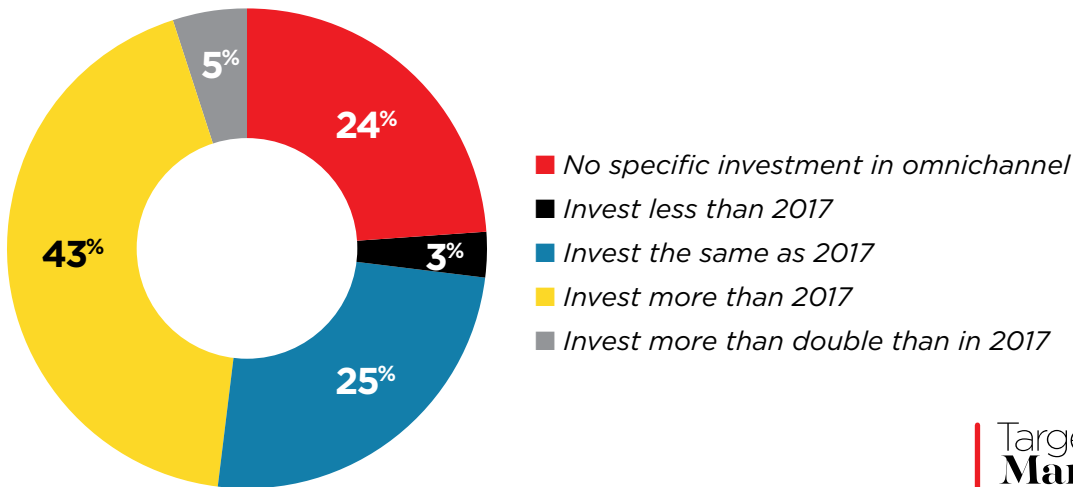
These are the keys to a great omnichannel customer experience. And very few brands can say with confidence that they have those capabilities today.

4. How Omnichannel Strategies Are Evolving

Marketers are aware of those gaps, and closing them is a major goal for many brands in 2018. While a quarter of respondents say they are decreasing omnichannel budgets, nearly half are increasing them, including 5 percent who are doubling their budgets to enable omnichannel marketing strategies.

CHART 8

In 2018, do you plan to invest more budget into omnichannel services and capabilities than in 2017?



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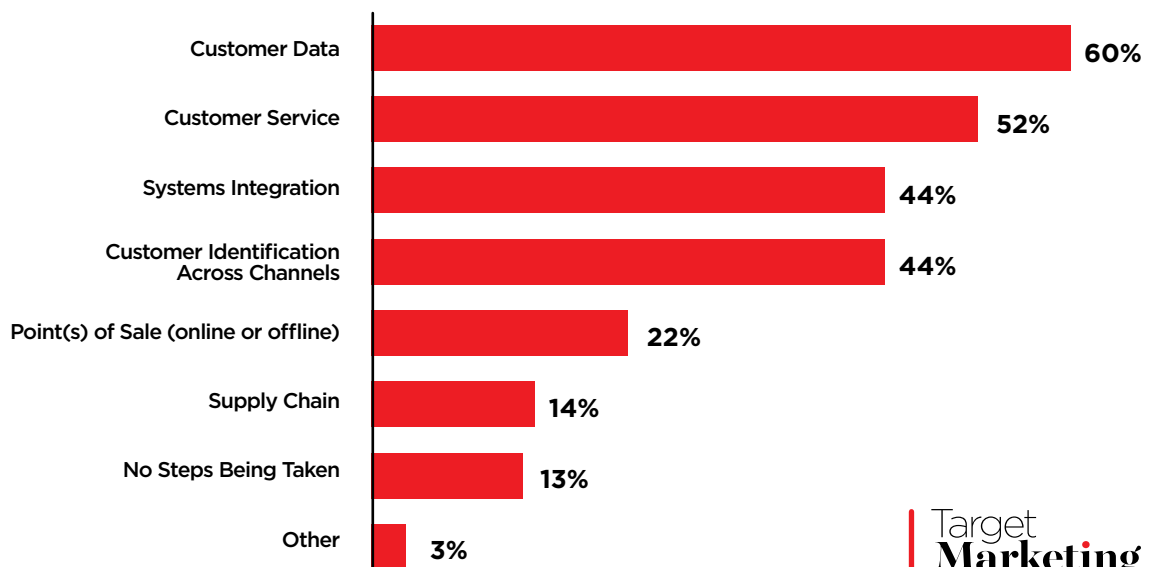
Recalling that budgets were the top challenge reported in Chart 4, this is great news. Marketers need to invest in these capabilities in order to deliver those seven keys to a great omnichannel experience.

As important as getting the budget for omnichannel is, marketers must apply those funds to the right portions of the customer journey to create a great customer experience.

Chart 9 shows the areas of the omnichannel customer experience that marketers are focusing on improving in 2018.

CHART 9

If you are taking steps to improve the omnichannel customer experience, what areas do these steps focus on?



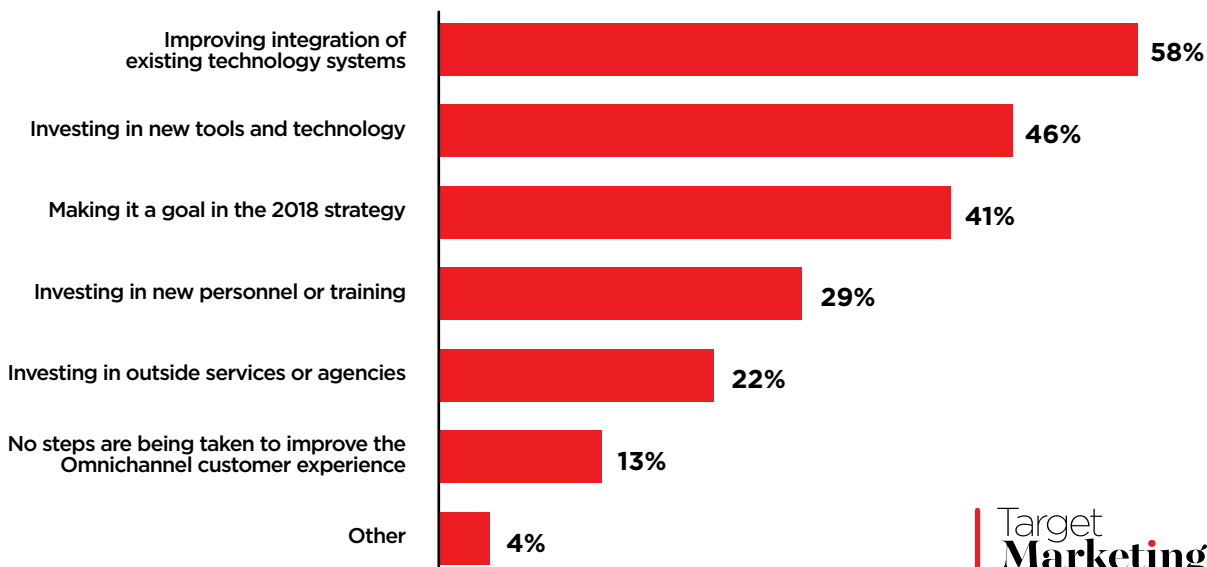
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At the top of the list, we find most respondents are focusing their improvement efforts on customer data and omnichannel customer service. Just fewer than half are investing in systems integration and customer identification across channels. These are essential capabilities for enabling the seven keys to a great omnichannel customer experience, and it's encouraging to see marketers investing in them. These will help overcome the challenges discussed in Chart 4.

However, when we look more closely at where in the marketing organization those efforts are being directed, some concerns arise.

CHART 10

What, if anything, are you doing to improve the omnichannel customer experience?



Most marketers are meeting the omnichannel challenge by improving data integration, 46 percent are investing in new marketing tools and 41 percent are making omnichannel a strategic a goal.

When it comes to personnel and training omnichannel know-how, which also was reported to be a top challenge in Chart 4, fewer respondents are making this a priority, at only 29 percent. Another 22 percent are investing in outside agencies — another way to bridge the expertise gap.

There is reason for concern in these answers. While data integration and up-to-date marketing technology are essential to delivering a great omnichannel customer experience, they will not succeed unless they are in the hands of people who know how to use them. The people doing the work are the most important killer apps on any marketing team, and unless brands invest in them as much or more than they're investing in technology and data, the omnichannel experience will never meet the expectations of connected customers.

5. Conclusions

Omnichannel marketing is not just for retailers anymore. The omnichannel customer experience is now essential for brands across all industries, both B2B and B2C. Marketers who responded to this survey mostly said that today's connected customer expects an integrated, personalized, accessible customer experience — and to deliver anything less reflects poorly on your brand. You must create a brand and experience with which these customers want to interact.

In the future, that experience will need to include the seven key capabilities in the sidebar at right.

The marketers who took our survey appear to be optimistic and undaunted by the challenges of omnichannel marketing. The biggest obstacles they face are the limitations of their own budgets and personnel; although data and cross-channel customer identification are not too far behind. These are the areas to focus on to improve your brand's omnichannel customer journey, and to build those seven key capabilities into your omnichannel marketing strategy.

As marketers work toward that, they're heavily focused on acquiring the right tools and data capabilities. These are necessary to enable a great omnichannel customer experience, but don't lose sight of developing the people and knowledge base it will take to use them effectively. No matter how advanced your data and technology becomes, the omnichannel customer experience you deliver will only ever be as good as the marketers who build it.

7 Key Capabilities for Great Omnichannel Customer Journeys

These are the seven key capabilities you will need to have in order to enable the kind of customer journey brands will be expected to provide in the near future.

- 1 Offer a consistent customer experience across all channels.**
- 2 Interact with customers on many channels, online and offline.**
- 3 Recognize individual customers on any channel they visit.**
- 4 Access data from your core customer records in any channel they visit.**
- 5 Reference actions taken in the past on any channel in live interactions happening in the present on any channel.**
- 6 Enable purchasing wherever the customer wants to purchase.**
- 7 Enable customer service wherever the customer wants to interact with you.**



Methodology

Target Marketing conducted this survey in January 2018 by emailing a questionnaire to approximately 110,000 members of the audiences of Target Marketing magazine.

Three emails were sent between Jan. 4 and 14. Survey results are based on the participation of 457 respondents (for a response rate of 0.4 percent). Of the respondents, 36 percent described their companies' activities as B2B, 22 percent as B2C and 42 percent as Both. Respondents reported annual revenue as follows: greater than \$100 million (14 percent); \$51 to \$100 million (6 percent); \$5 to \$50 million (22 percent); \$1 million to \$5 million (22 percent); and less than \$1 million (37 percent).

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NAPCORESEARCH

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Contact research@napco.com for a research consultation.

