

Mastering customer-centric marketing: An SMB blueprint for success



Marketing in a digital age

The competitive landscape is evolving at an unprecedented pace. Digital disruption and the proliferation of connected devices are reshaping customer expectations.

Today's customers expect more than just relevance. They want seamless experiences across all channels and all devices. They want highly personalized interactions that deliver tangible value. And when it comes to their data and privacy, they rightly demand that it be protected.

Businesses of all sizes are scrambling to meet these consumer mandates. Those who succeed are sprinting ahead of their competitors.

Whether your marketing goals are to drive foot traffic to your business, make the phone ring, or sell your products online, it's critical to have a cost-effective digital marketing strategy that reaches the right audience and delivers measurable impact.

This eBook is designed to help you:

- Discover how understanding and marketing to the customer decision journey can improve marketing success.
- Learn the latest customer-centric marketing insights and strategies.
- Generate leads and grow your business with the Microsoft Advertising customer-centric marketing blueprint.

Because we are no longer in the age of digital marketing, but rather, marketing in a digital age.

Customer-centric marketing drives growth

Businesses that excel at customer-centric marketing are quickly widening the gap between themselves and their competitors.

To understand what sets these businesses apart, Microsoft Advertising, together with Advertiser Perceptions, conducted a series of comprehensive interviews and an online survey of marketers and agencies across companies of all sizes and industries.¹ Specifically, we examined the top 20% that are mastering two key aspects of a customer-centric marketing strategy:

- 1 Understanding the customer decision journey (CDJ)
- 2 Improving marketing results based on that understanding



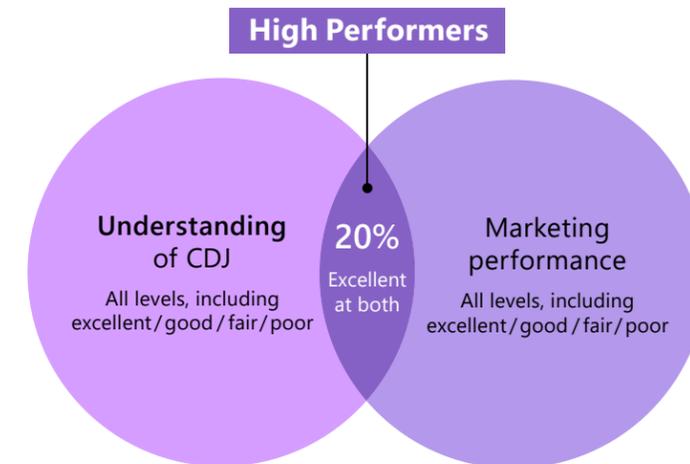
Customer decision journey (CDJ)

The path that consumers follow when they make a purchase. There are five distinct phases, typically defined as: initiation, research, comparison, transaction, and experience.

We found that the most successful businesses are leveraging data, partners, and technology with increased sophistication to understand and market to the CDJ and deliver customer-centric touchpoints that drive revenue.

Blueprint for success

Understanding the customer decision journey (CDJ)
+
Marketing performance
based on that understanding



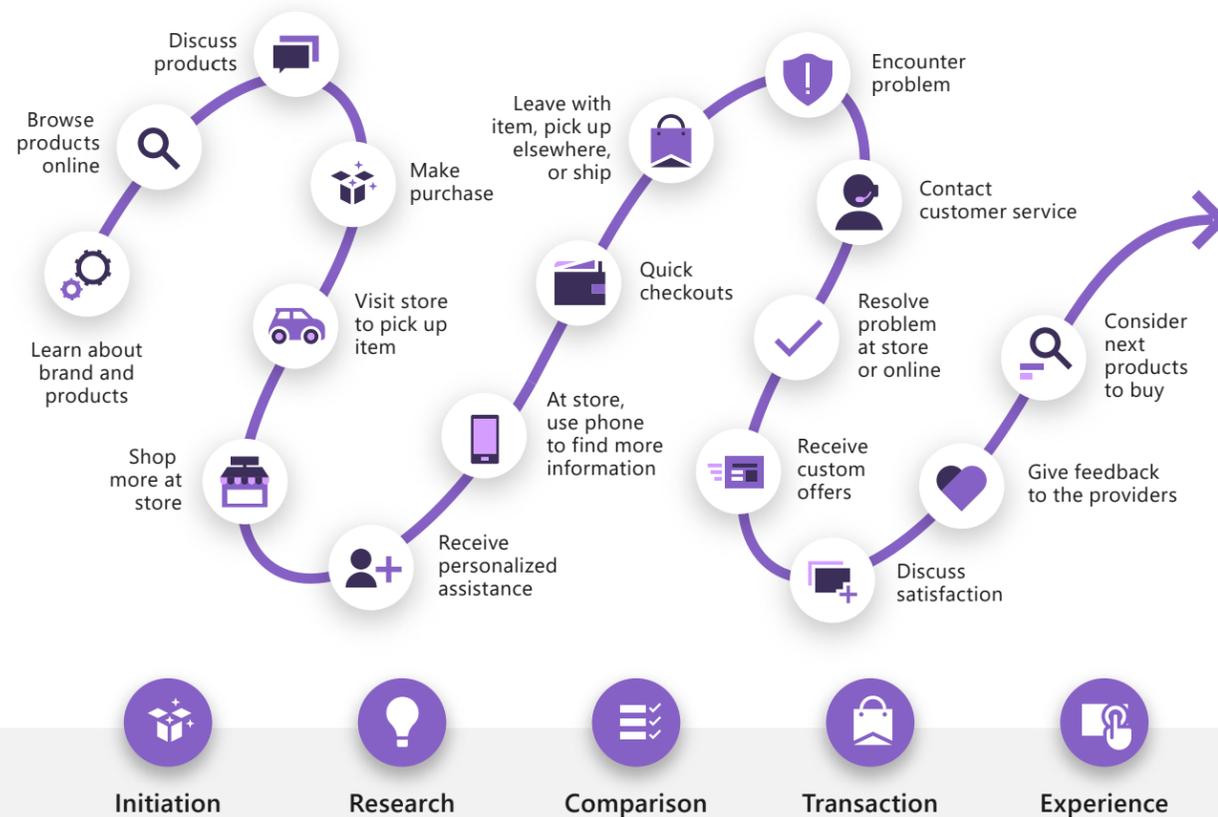
Understanding and marketing to the customer decision journey

The factors that influence customer purchase decisions are more abundant than ever. There isn't a single formula for how to reach customers. Therefore, you must engage with them in meaningful places along the way.

The CDJ consists of five phases, typically defined as: initiation, research, comparison, transaction, and experience. However, the CDJ is rarely a clean, linear path. It can involve multiple channels and devices, not to mention multiple brands and keywords. Furthermore, each phase of the CDJ may vary in length as well as importance.

For example, a customer purchasing a cup of coffee will have a shorter journey than a customer picking out a car.

The point is, the CDJ has become increasingly complex and fragmented. And businesses that master the art of understanding and marketing to the CDJ stand to reap rewards.



The rewards of customer-centric marketing

The rewards of understanding and marketing to the CDJ are plentiful. In our study, we found that High Performers — the 20% of top-performing marketers — see a 45% lift in return on investment (ROI) for a typical marketing campaign simply by having a better understanding of the customer decision journey.

Specific benefits of customer-centric marketing include:

- More opportunities to engage with customers
- Campaigns that better address customer needs
- Improved ad campaign impact
- Improved shopping experiences
- Better alignment of purchasing processes to customer preferences
- Better alignment of offers to customer personas
- Personalized future customer decision journeys

Better CDJ understanding means better marketing performance

Top benefits experienced from understanding the customer decision journey



+45% 
incremental lift in ROI/ROAS
 for a typical campaign among High Performers

Data is key to unlocking the customer decision journey

When it comes to understanding the CDJ, data offers a goldmine of insights. Fortunately, effective data-driven marketing is democratic — which means that your ability to use data to increase marketing impact isn't limited by company size, marketing objectives, or even your industry.

In our study, we found examples of High Performers across companies of all sizes and industries. The key is unifying quality data sources to create a single, consolidated view of your customer.

Start with existing customer data

You can learn a lot about a customer's behaviors, actions, and interests from first-party data, which is the information that you collect directly from customers. In our study, we found that High Performers prioritize the collection, unification, and analysis of first-party data.



First-party data

Information you collect directly from your customers. Sources might include online transaction history, social interactions, customer service calls, and customer relationship management systems.

Make it a priority to gather insights around purchase history, the brands your customers are researching, the products they're in the market for, and when they're most likely to purchase. Make sure that data is high quality and apply best practices around privacy and data protection.

Bridge the gaps with external data

With the complexity of the customer decision journey, it's hard to have a complete picture based on first-party data alone. A lot of what the customer is doing is happening outside your channels. That's why it's important to use external, third-party data to help illuminate blind spots.



Third-party data

Data that is purchased from outside sources that don't have a direct relationship with customers. Sources might include market research data or ad partner data.

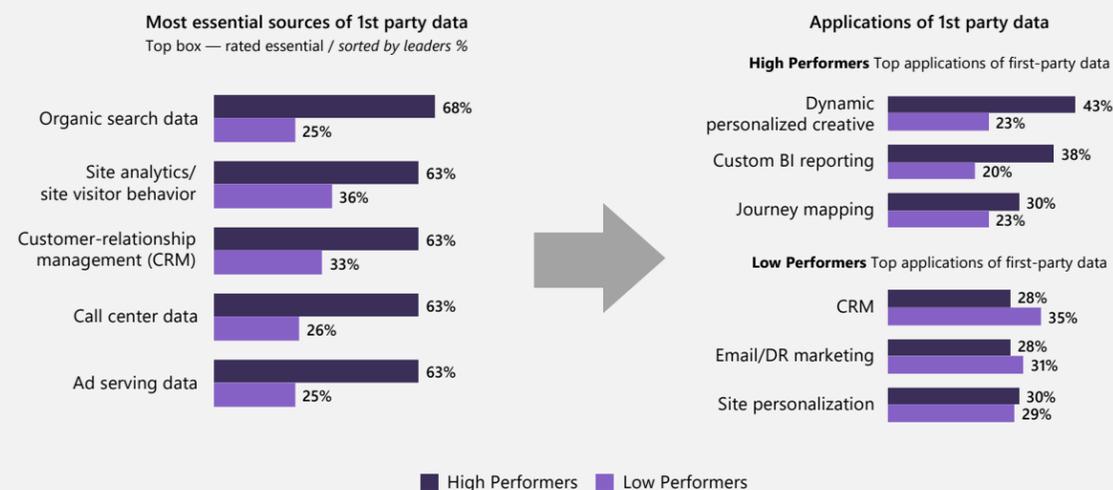
Find high-quality sources for third-party data to uncover behavioral insights and to help power multi-dimensional campaign segmentation. By consolidating first- and third-party data, you can gain a more complete view of the CDJ. Make it a priority to establish a single platform with one comprehensive view of your customer.



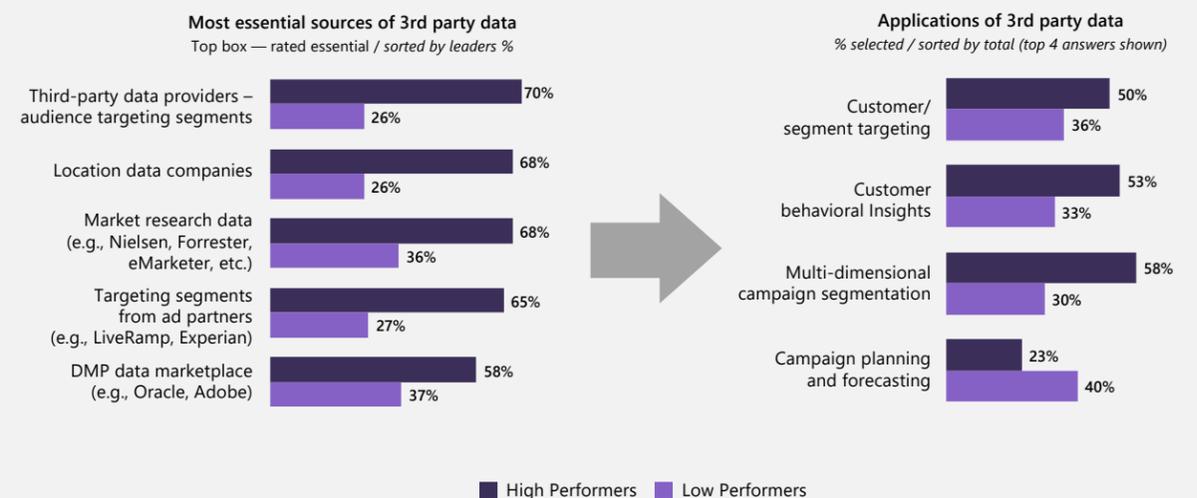
Multi-dimensional campaign segmentation

A technique for grouping audience data based on common characteristics or attributes.

Top sources of first-party data and their applications



Top sources of third-party data and their applications



Safeguard trust, privacy, and data security

Trust, privacy, and data security are top concerns for our Microsoft Advertising clients and often carry equal weight with performance when choosing a search provider. So, it's no surprise that these are key concerns for the High Performers in our study.

Brand health hinges on the ability to protect consumer privacy and use data respectfully. Although High Performers are much more likely to use customer data than their counterparts, they're also more likely to be transparent about usage and put appropriate safeguards in place to secure customer data.

Use these best practices to help protect data

It's possible to advance customer-focused marketing without crossing the line when it comes to data collection and use by relying less on personally identifiable information.

Make trust, privacy, and data security top priorities. Take advantage of the best practices that High Performers are using to help protect privacy and secure data.

- Define and enforce internal standards for data collection and use. Be sure to reference data protection laws such as the General Data Protection Regulation (GDPR) and California Consumer Privacy Act (CCPA).
- Shift away from collecting personal information transmitted in cookies by balancing your strategy with first-party data.
- Ask consumers for less data — but when you do ask, offer an incentive and be transparent about how you'll use their data and how it will benefit them.

Tap the right partners and resources

Acquiring and using the data insights needed for customer-centric marketing requires highly specialized skill sets and technology solutions. Of course, for most businesses, it simply isn't cost-effective to expand in-house expertise and solutions to cover every marketing need.

That's why it's important to work with advertising agencies, marketing partners, and data management platforms (DMPs). Using the right partners and resources can help you achieve your marketing goals and accelerate your CDJ marketing efforts.

In fact, we found that High Performers use agencies at nearly twice the rate of their counterparts.

"I find Microsoft Advertising very easy to manage and it helps us gain visibility into our account structure. I can quickly drill down into different campaigns, which has proven invaluable."

— JULIANA DEAN, DIGITAL MARKETING MANAGER, VEGAS.COM



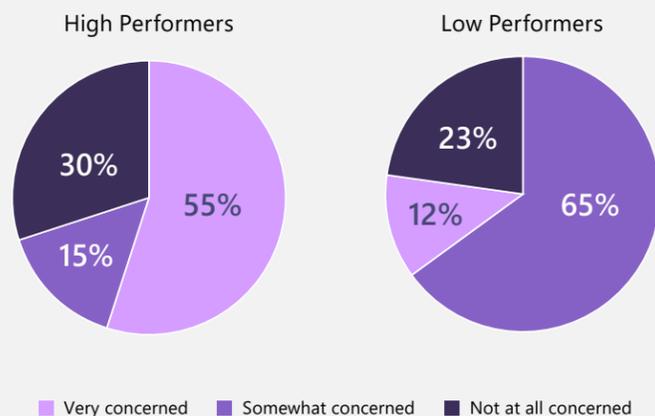
Data management platform

A marketing tool that unifies the collection of first- and third-party data from multiple sources onto one single platform.

High Performers are 4.5X more concerned about consumer backlash

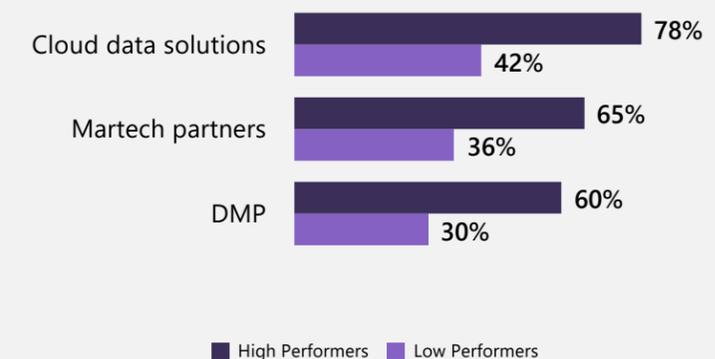
Even while respecting privacy concerns and safeguarding data, High Performers are much more concerned about consumer backlash (which may help explain their focus on respect and safeguarding).

Level of concern about consumer backlash over how company handles first-party data



Resources used to overcome CDJ marketing barriers

Sorted by High Performers %



Embrace intelligent technologies

The application of technology is foundational to customer-focused marketing success in this new era. While you may not be able to implement these technologies right away in your own business, you can work with partners who use them. These are some of the key technologies that can improve your customer-centric marketing strategy.

Cloud solutions

Cloud solutions offer significant benefits, such as delivering a better understanding of consumer data, speeding time-to-market, and boosting ROI. Work toward adopting intelligent cloud technology to collect, manage, and unify first-party data. Cloud technology such as Microsoft Azure can also help you increase your agility and keep pace as industry capabilities evolve.

Cloud solutions
On-demand services, data storage, and resources accessed via the internet.

Artificial Intelligence (AI)

Artificial Intelligence technologies, including chatbots, digital assistants, and cognitive services, offer numerous benefits such as personalization, automation, and prediction of behaviors and actions. In fact, we found that High Performers are more than three times as likely to use AI and AI-enabled products to build more interactive experiences that engage with customers in a natural and humanlike way.



But AI doesn't have to be a complicated or costly undertaking. Take advantage of products and features that are powered by AI. You can also work with partners like Microsoft Advertising that provide AI-enabled tools to help you reach the right customer at the right time and deliver a better marketing ROI. AI-enabled features can help you save time and grow your business by automating campaigns, extracting deep customer insights, enabling dynamic campaign targeting, and much more.

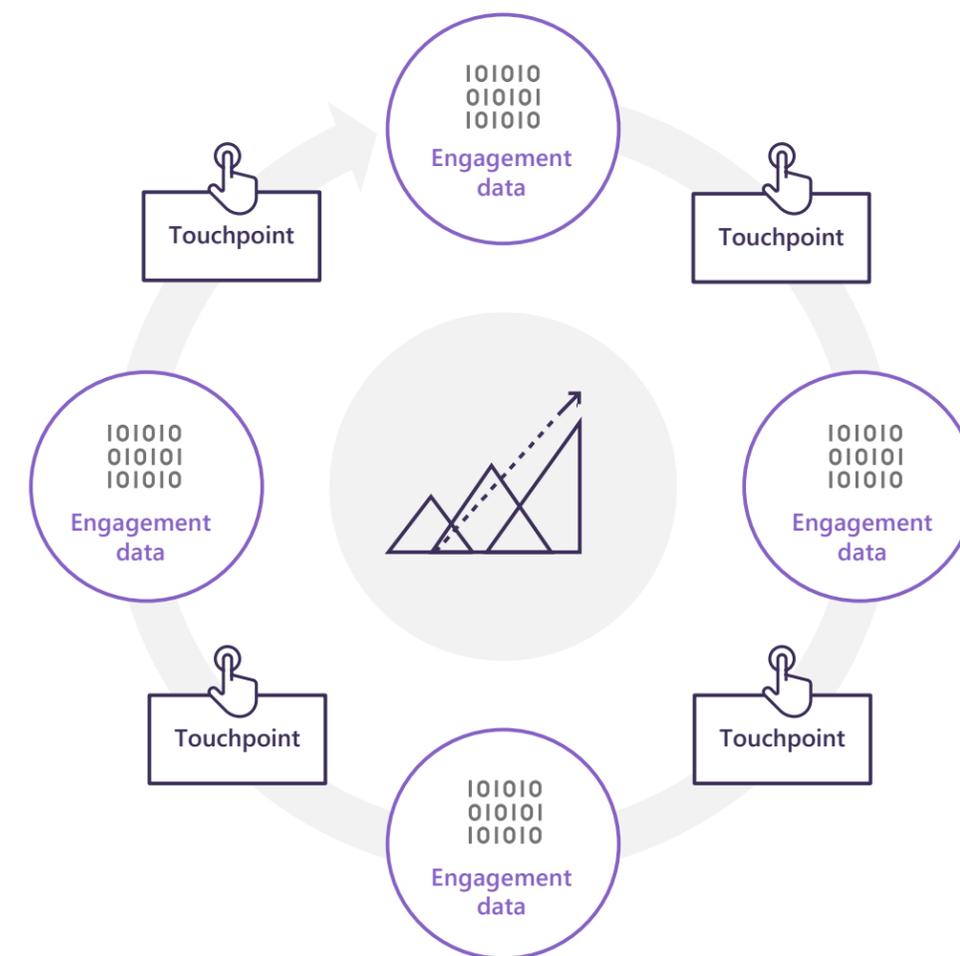
Artificial Intelligence
Refers to the ability of computer systems to perform tasks that usually require human intellect. Tasks might include decision making, speech recognition, and visual perception.

Fuel the flywheel by creating customer touchpoints

Many of the experts we interviewed talked about the flywheel effect, which hinges on a solid understanding and ability to map marketing efforts to the CDJ in service of increasing touchpoints.

They described a virtuous cycle, where more touchpoints yield more opportunities for engagement. More interactions yield more data. More data yields more robust, customer-centric models. More robust models yield greater personalization, engagement, and ROI. Understanding and marketing to the CDJ are foundational to one another.

"It's the marketer's responsibility to produce interactions that produce data, so that we can make better decisions."
- VP DIGITAL PLATFORMS & STRATEGY, TECH





Advance your customer-centric marketing strategy with Microsoft Advertising

Building a customer-centric marketing strategy can help you engage customers more effectively to generate more touchpoints, more leads, and ultimately, more business. The good news is that Microsoft Advertising has tools to help you get up and running quickly.

To get started, follow this simple checklist:

- ✓ Sign up for a [Microsoft Advertising account](#)
- ✓ Import your Google Ad campaigns — if relevant
- ✓ Create your first campaign
- ✓ Implement targeting based on the CDJ

For more information, access our [handy video tutorials](#).

Your blueprint for understanding and marketing to the CDJ

Businesses that are engaging customers with seamless, personalized interactions across the CDJ are racing ahead of their competitors. The key is leveraging the right data, partners, and technology to create more touchpoints that fuel the flywheel.

Below we've outlined how you can apply customer insights to understand and market to the customer decision journey.

INITIATION Plant the seed	RESEARCH Give them details	COMPARISON Stand out from the rest	TRANSACTION Make it easy	EXPERIENCE Keep them coming back
<p>UNDERSTAND</p> <ul style="list-style-type: none"> Segment customers by demographic, channel, location, and keywords. Review search data to see what consumers are buying, what they're doing on your digital channels, and what their journey looks like. 	<p>UNDERSTAND</p> <ul style="list-style-type: none"> Extract insights around the brands customers are considering and the products they're looking for. Pay attention to the keywords they're using in searches. 	<p>UNDERSTAND</p> <ul style="list-style-type: none"> Research competitors' products and services as well as their keywords. Leverage trusted third-party data sources to help illuminate the blind spots. 	<p>UNDERSTAND</p> <ul style="list-style-type: none"> Ensure you know what devices they're using. Use conversion metrics to determine approximate average journey length. 	<p>UNDERSTAND</p> <ul style="list-style-type: none"> Use AI technologies to enhance customer engagement, drive personalization, and create more touchpoints. Explore predictive modeling and lead scoring to drive sales and improve efficiency.
<p>MARKET</p> <ul style="list-style-type: none"> Set up your first search marketing campaign. Use automation features to manage budgets and increase productivity. Microsoft Advertising features <ul style="list-style-type: none"> Age and gender targeting In-market Audiences and Product Audiences Automated bidding 	<p>MARKET</p> <ul style="list-style-type: none"> Analyze campaign performance and optimize with product details, including images and videos. Microsoft Advertising features <ul style="list-style-type: none"> Multi-Image Extensions Video Extensions Performance insights Recommendations tab Target Cost Per Acquisition Competition tab 	<p>MARKET</p> <ul style="list-style-type: none"> Use ads to drive searchers to online reviews or product comparisons. Microsoft Advertising features <ul style="list-style-type: none"> Product Ratings Similar Audiences Dynamic ad optimization 	<p>MARKET</p> <ul style="list-style-type: none"> Close the sale by making it easy to click and convert. Microsoft Advertising features <ul style="list-style-type: none"> Location targeting Device targeting Ad extensions (price, image, flyers) Price Drop Alerts 	<p>MARKET</p> <ul style="list-style-type: none"> Create more customer touchpoints and drive brand loyalty. Microsoft Advertising features <ul style="list-style-type: none"> Multi-Image Extensions Video Extensions Performance insights Recommendations tab Target Cost Per Acquisition Competition tab

ⁱMicrosoft and Advertiser Perceptions study of 213 marketers and agencies in the US & UK, December 2018–January 2019