



A Harte-Hanks White Paper

Driving Multichannel Marketing Through Online Preferences

RM Select



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Introduction

Declining marketing budgets and lessening resources have put many marketers on alert that now is the time to spend less and do more with your dollars. Over the years, many marketers pushed messages to their customers' mailboxes and inboxes with little regard for return on investment (ROI) or their customers' reactions beyond a concrete purchase. After all, customer complaints were generally kept as internal information and didn't impact public opinion. Now, we find ourselves in the middle of a "perfect storm" — budgets are being cut at the same time our customers are active in the social media space, spreading their thoughts and feelings about businesses.

Marketers today can communicate with customers through more channels than ever before. This makes tailoring the frequency, style and type of communication to the channel more critical than ever.

This isn't exactly breaking news; . . . marketers have been chanting, "The right message at the right time in the right channel" for years. . . . The difference is that now "right" is defined by your customer — not you.

Customers' channel preferences are changing left and right. Customers are cross-channel shopping — buying online and researching offline, or researching online and buying offline. Customers are migrating to mobile, using applications and sending text messages. They are being more selective with their inbox, opting out of emails that don't interest them. They are using their mobile device at home and dropping their landlines. So when they receive direct mail pieces, we can't be sure they're always paying any attention.

As a consumer, has a retailer ever targeted you with a message you found irrelevant? Have you received emails about women's bathing suits because you bought one for your mother three years ago? If so, the swimsuit communications are probably lost on you. If you open the message, you delete it. You throw out the mail piece. You unsubscribe. And, ultimately, you think less of the brand for having sent it.

Whether you are selling to consumers or to businesses, leveraging an online preference center is an effective best practice used by many savvy marketers to deliver strategic communications and engage their customers — through relevant communications and even loyalty/retention rewards.

Your customers *do* want to hear from your brand. They want to know about your new product, sale, new loyalty program or maybe what you are doing from an environmental perspective. But they want this to happen on their terms. 67% of consumers opt out of email programs due to irrelevant content.¹ Be sure that you are providing the *right* content — let your customers choose

for themselves with an online preference center.

Give customers choice over channel, content and frequency. They may choose to hear from you through a social network, an email inbox, their mobile device or their mailbox. But the decision belongs to the customer, and marketers should honor this choice.

¹ Marketing Sherpa EmailEmailEmail Benchmark Guide 2010

The Preference Center

The preference center is the foundation upon which you can build a system of customer choice. In addition to increasing customer satisfaction, enabling customers to self-select enables them to update their own data, keeping inbound-request management costs down as the preference center is available 24/7.

There are many benefits to and strategies for implementing and enhancing preference centers, but before exploring the options, it is essential to understand that a preference center serves the following functions:

- Address update (physical, email, mobile number, phone number)
- Communication type preference selection (i.e., topics, offers, news)
- Channel preference selection (i.e., email, mobile)
- Channel preference frequency selection (i.e., monthly, or max number of messages per week)

Here are six considerations when using Online Preference Centers:

1. Offer communication choices
2. Enable multichannel marketing
3. Learn about and understand customers
4. Engage with the customer
5. Improve loyalty and retention
6. Keep it simple for the customer

1. Give customers choices in their communications

The first step in creating a preference center strategy is identifying the channels you can support and finding out if those channels can be integrated at the database level. Channels may include direct mail, email, mobile messaging, mobile applications, landline telephones and social networks. Some channels are easy to integrate, such as direct mail, email or landline phones. But it is important to note that nearly 90% of marketers agree that social media will become a standard tactic², which makes the integration of social into the preference center essential. Additionally, nearly 60% of US companies either use mobile or plan to in 2011³, including SMS and mobile applications.

The next choice is one of frequency. In the past, the frequency of customer marketing communications was often determined by budget, occasionally determined by result optimization and often determined by the needs of multiple groups within an

² Marketing Sherpa, Social Media Report 2009

³ Forrester Research, Interactive Marketing Channels to Watch in 2010, October 2010

organization (a marketer only has one list of customers, and that list might be accessed by many people, resulting in too-frequent communications).

Generally, a marketer's goal is to improve return and reduce investment. Of course, this is easier said than done. But, imagine letting customers set their own pace —and their own rules. Open and response rates would improve almost by default. Allowing customers to set a frequency preference often results in the need for new communication streams to accommodate less-frequent messaging, which means it may be necessary to develop new creative and content.

Finally, customers should be able to choose their content. Relevant messaging is in the eye of the beholder and only the customer can determine if the message is meaningful. Marketers may want to consider groupings of content (i.e. sports or entertainment) as well as types of content, such as offers, events or new product launches. No matter the method, driving relevant content based on consumer choices is not so easy. 84% of large organizations report challenges in delivering highly relevant email content.⁴

Another aspect of the preference center is the “save” of the opt-out. When customers click on the opt-out link, the preference center can offer alternatives to the customer, such as less-frequent communications and the availability of different channels or different content. The DMA recommends linking to a preference center every email communication. This allows your customer to opt-out and to change content preferences⁵.

With the implementation of Online Preference Centers, marketers inevitably see opt-outs decrease in some areas and increase in others as customers choose replacement channels like mobile text messages or Facebook coupons. The more you see these types of changes, the more efficient your marketing mix becomes.

2. Enable Multichannel Marketing

Most marketers today communicate with customers across several different channels. Many have some understanding that campaigns and corporate content should vary by channel, particularly in today's environment where email, social and mobile are often managed by different teams. But, good marketers know that campaigns must be carefully coordinated across different communication types.

The online preference center takes multichannel marketing to another level; by serving only requested content, the preference center begins to optimize itself. Rather than attempting to reach the customer in every channel, the customer tells the marketer which channels will work the best.

⁴ Marketing Sherpa Email Benchmark 2010 Report

⁵ DMA Email Delivery Best Practices for Marketers and List Owners

In our current economic situation, allowing customers to direct the combination of direct mail, email or mobile messages they would like to receive is a smart, responsible idea. Reducing the number of direct mail customers may mean a higher investment in the mail piece itself, which may increase response rates. Fewer emails could mean higher deliverability and improved results. If customers wish to communicate through a mobile application, the investment to improve and optimize the application will be worthwhile.

3. Learn About and Understand Customers

Marketers can obtain a multitude of useful information about consumers through the information provided in an online preference center. At the very minimum, asking for an email address, mobile phone numbers for texting or a physical address for fulfillment is essential in improving data quality.

Beyond those imperatives, there's an opportunity to ask for information that will enhance the customer's relationship and the flow of future communications. Can you improve and update segmentation by collecting demographics or product usage preferences? Will you change your offers based on polls and surveys? How will you show customers that providing feedback directly is a good choice?

Consider offering dynamic surveys and polls to gain information about customers that can result in improved offers and communications. After all, one of the best attributes of a preference center is that the marketer knows who the customer is and can apply that information to the right customer profile.

This section of the profile shows questions that change how the marketer communicates with their customers. Driving habits may impact maintenance schedules; vehicle ID and mileage help match data records and drive the right messages.

4. Engage with the Customer

The term “engagement” is often overused today, but it is one of the best reasons to consider an online preference center as the basis of many programs you may build. The online preference center is a secure area where customers should be treated with care and consideration — essentially a place where your customer shakes hands with your brand.

Customers may create their profile to opt in or out of programs, but they also can register products, obtain warranty information, store gift information for friends and family or participate in an online community. Any aspect of the customer relationship can be stored in this safe area. By giving personal information and storing it for future

use, the consumer has forged a relationship with the brand. This means their trust of the online preference center must be high, and the return for the customer must be worthwhile.

5. Improve Loyalty and Retention

Creating a place where customers can directly communicate with your brand is a key aspect of customer retention and loyalty. Even if the marketer is not ready to implement a loyalty program, he or she can leverage a preference center to encourage customers' continued interaction with the brand. Consider offering highly targeted coupons (customers' ID's and data allow a marketer to be smart about coupons) or bringing in a local element by providing details about the nearest retail location. This private, customized brand gateway offers a great opportunity for customer retention and repeat purchases.

Brands that offer loyalty programs can refine the preference center as customers access loyalty program benefits. Consider temporary card printing, viewing reward information or point balances, checking progress toward rewards or viewing previous purchases. These functions work within the preference center context to increase customer visits and interaction.

6. Keep it Simple for the Customer

The preference center can provide corporate-level communications or give single brands the ability to communicate with customers within a corporate framework. A preference center provides value regardless of brand situation and increases value as customer preferences and data are used more frequently. But, it is important to remember the customer experience across brands in order to ease any potential frustrations due to internal roadblocks.

If you have multiple brands that go to market in a standalone manner, you should consider brand-specific preference centers that are integrated with other company brands. Leverage primary data and preferences from a central repository, and then extend with brand-specific needs and capabilities, so that customers do not have to create multiple profiles. Consider the potential to upsell, cross-sell and gain opt-in for communications across multiple brands. Remember that leveraging the ability to enrich and maintain data across the company — while still allowing brand-level custom preferences — will enable greater customer insight and will benefit all brands.

Online preference centers provide customers the ability to tell marketers what they want, and allow marketers to save money by only providing communications in the chosen channels. Ultimately, greater message relevance means better results.

Approaching Implementation

You should approach the preference center as a strategic centralization effort. All stakeholders must come together to define what data they have, how they are updated, what campaigns they run and how often. Most important is the discussion of what positive effect is anticipated for customers, and what positive effect is anticipated in relation to marketing goals.

Preference centers deliver a wide array of benefits and can positively affect marketing goals to increase sales and awareness, reduce opt-out or improve customer data. Customer service goals may be considered; privacy and legal requirements may be met. Other programs may have a stake in the optimized flow of communication as well. All stakeholders may help champion such a project in any company.

To approach implementation of a preference center, it is important to understand the full scope and impact across the organization, and then to create a feasible model for understanding return on investment.

Tactical Decisions

Start with campaign analysis to see how much communication flexibility is available to your consumers. Channel preference is usually easiest to implement (either at the brand or product level), followed by communication type (lifestyle, buying incentives or new product announcements), with frequency being the most difficult. Retailers are further challenged to consider offering preferences around product categories.

Implementing frequency control for the consumer means marketers must design their communication plans with frequency options in mind. Which communication should consumers receive if they opt to only receive one communication per week? Each communication type brings its own frequency opportunities. Content may change dynamically to address this but, if not, you may need to create a different frequency-based communication stream. Because of this, frequency is often left to be implemented in a future phase, but remember — frequency is one of the top reasons that people opt out; 64% of consumers opt out due to receiving email too frequently.⁶

Mobile messaging requires opt-in and -out considerations. The preference center may include a Web form that allows consumers to opt-in for mobile, or may only include instructions on how the consumer can opt-out. The preference center provides a home for the Help messaging recommended by the Mobile Marketing Association.

Not all choices need to be offered right away. Plan for the nirvana, but in the interim, gain customer satisfaction and increased response rates by enabling consumer choice that you can realistically support. It's far more important to respect your customers' given choices than to give an extensive list of choices that you cannot efficiently support.

⁶ Marketing Sherpa Email Benchmark 2010 Report

Implementation Costs

Costs to consider for a preference center include requirements analysis, user experience design, digital creative, web development and external data integration. Remember, each channel selection may have its own data source: email service providers, mobile platforms, database integration, campaign management and social network API's.

If data can be leveraged from CRM systems and third parties in real time, the consumer experience will be improved and preference center-building costs will be lower. However, it is important to note that some large CRM systems carry significant licensing or performance capacity costs.

Return on Investment

The impact of a preference center can be measured in many ways, but, ultimately, implementing a preference center should result in improvement across many aspects of marketing.

Usage is one of the first steps towards success:

- Number of new profiles created (no data available)
- Number of existing customers who created profiles
- Completion of preference center data fields

Channel impact should be measured by which channel, content and frequency choices are available:

- Lift in direct mail response rates
- Lift in email response (based on dynamic content)
 - Open rates
 - Click rates
- Lift in email response (based on frequency changes)
 - Open rates
 - Click rates
- Opt-out requests diverted
 - Change in content
 - Change in frequency
 - Change in channel
- Mobile messaging opt-ins
- Frequency of updates to personal information

Additional elements include:

- Return visits
- Coupons redeemed
- Completed surveys
- Community engagement metrics

Implementation Guidance

Implementing a preference center starts with analysis of marketing campaign plans, designed to clarify which preferences are available to customers.

The identified preferences should then be mapped to your marketing support systems (for example: sales force automation, customer relationship management and email service provider systems).

The preference center comprises two interfaces: the first is customer-facing and the second allows customer assistance (call center) to observe and update customer data in real time.

Once analysis is complete, solution design can begin. Design will come in two distinct tracks: User Experience and Technical Infrastructure.

User Experience

The User Experience (UX) path explores the ways a user will interact with the preference center — what the customers' goals are and what options will be available to them — all within the context of the user's interaction with the brand.

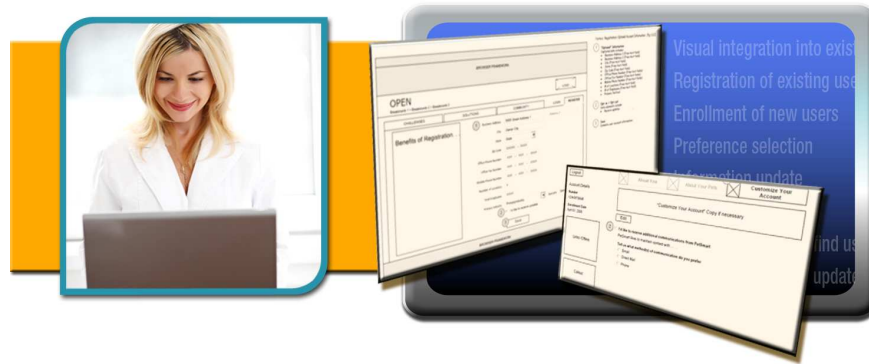
While there are many disciplines within UX design, for the online preference center, the following disciplines are important:

- User research to understand tasks, needs and characteristics
- Analyzing and creating the information architecture
- Helping formulate visual design guidelines

User Experience defines the effectiveness of the user's ability to manage its preferences. Poor UX limits program effectiveness and increases customer service contact volume. Good UX increases customer satisfaction and deflects contacts to the call center. UX begins with information architecture and progresses to visual design, with outputs being wireframes and a visual representation of user interactions.

Key areas for user experience to define are:

- Visual integration into existing website
- Registration of existing users
- Enrollment of new users
- Preference selection
- Information update
- Email opt-out
- Call center ability to find user
- Call center ability to update user



Wireframes will be the primary output of the UX design.

If time and budgets permit, prototype development and usability tests can provide significant data to improve results, and improve user experience and performance overall.

Existing Customer Data

The biggest decision in the design process regards onboarding existing users into the preference center —how to get users to authoritatively take ownership of their preferences without an existing user name and password. You can employ a number of techniques to address this challenge. Understanding how users are identified in the database— by account numbers, loyalty numbers or other unique data points — can help the architect determine how to onboard users. Email addresses are often the best way to introduce logins to existing customers, giving them the ability to create passwords upon their first entry.

You may want to consider marketing campaigns to increase enrollment or use new channels, such as mobile, to encourage customers to create their credentials.

Single Credentials and Single Sign On

With regard to UX, a critical technical integration area is user name and password management. Single credentials and single sign-on are important. Specifically, if users already have a user name and password for your web properties, these need to be leveraged in order to keep your customers happy.

Single credentials reduce customer friction and decrease calls to the call center. In addition to single credentials, single sign-on should be implemented so that, once a customer is logged onto one property, he or she can seamlessly visit other websites offered (such as preference center to e-commerce site) without logging in again.

If a choice must be made between the two, single sign-on is more technically difficult and less important than single credentials, but it is ideal to achieve both options, if feasible.

Off-the-shelf software solutions (using LDAP/Active Directory and a web proxy layer such as siteMinder) can help you implement single credentials and single sign-on, or you can achieve this in a custom fashion. With current trends, custom solutions are a better choice

right now if you are thinking about adding additional credential sources. However, off-the-shelf may be better if proven security capabilities are of the utmost importance.

Other single credential/single sign on technologies to consider are OpenId, OAuth, and Facebook Connect.

Technical Infrastructure

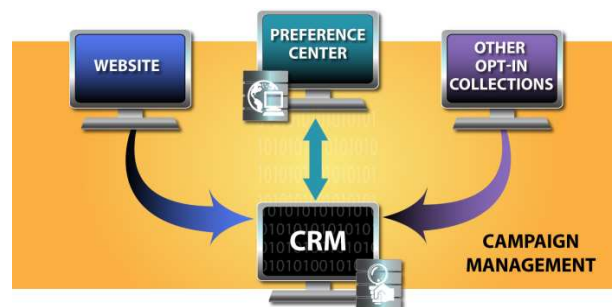
Integrating data with marketing support systems and leveraging technology are addressed through technical infrastructure. The biggest effort here is in identifying the right record system for general data management practices. Overall, if a company is struggling with master data management, tough decisions will need to be made about how much of the existing data can be leveraged.

Avoid organization master data challenges with a preference center, but be aware that this will result in reduced use of existing customer data and could cause challenges with existing marketing support systems. But constructing a preference center to accept only new data and merely feed email, mobile, social and direct mail programs can help.

Ideally, the preference center should be deeply integrated with the CRM database to provide quick response to the user selections. Consumers are less tolerant of delayed changes. Processing should be done the same day — ideally in real time.

Integrating with the CRM database is a bi-directional process; the preference center feeds in updates, the CRM database merges these updates with other consumer information inputs and feeds the merged and cleansed data back to the preference center.

This deep CRM integration increases the value of the CRM database by keeping the data up to date, extending the data available for analysis, and to augment segmentation.



Web services are the primary architecture approach to consider in implementing a custom single credential source and single sign. The approach will define a few specific actions that can be executed through programming in real time. These actions include Authenticate, Register New User, Change Password, Forgot Password, and Verify Session. The web service will be called upon for those specific actions in a custom, integrated fashion with the platform's built-in user authentication and authorization capability. This approach has the

benefit of the reliability and security of the built-in systems, but can exist across a variety of web platforms. The downside is that this typically requires customization on each website.



Where Does the Preference Center Lead?

The preference center is a natural starting or extension point where you can drive customer acquisition, conversion, retention and loyalty.

The preference center enables logged-in scenarios based on CRM integration — from a complete loyalty program utilizing a reward calculation engine to merely providing higher value offers to customers. There is no better way to maintain communication lines with customers than by asking them how they want to hear from you. And, you can motivate your customers to shop in stores or buy products while keeping their preferences and information up to date.

For higher-value (durable goods) products, the preference center presents the ideal opportunity to capture product registration and drive service and accessory offers. Customers appreciate applications to manage, track or maintain their products. Between purchases, the preference center is the connection between the brand and the customer. Interaction with a preference center may also suggest the customer may be getting back into market to purchase — you can take this behavior into account, tie it to their preferences, and provide them unique, relevant offers and opportunities.

For retailers, the preference center offers the opportunity to showcase highly targeted offers, cross-sell efforts, and new product launches. You can further engage users in existing programs, or roll out and amplify full loyalty programs through a well executed preference center. The mobile space is rapidly gaining traction and can easily engage users. Enabling opt-in and preference communication is a clearly effective use for mobile Web and SMS functions. You can leverage these technologies to extend preference center capability when and where the user is able to interact with his or her phone. And don't forget — the mobile applications you are developing present the perfect space in which to give customers access to applications.

An exciting development in emerging technologies allows a user to use existing credentials on new web sites when they register or log-in, allowing consumers to use their Facebook, Gmail, AOL, or other online account to access a site they have never been to before. The site will "trust" the customer's data because it trusts those sites.

In the preference center, marketers can choose to "trust" Google, Microsoft, AOL, Yahoo, Facebook, or even Twitter to authenticate users. As users come to the preference center, they can opt to enroll or register with a trusted account on another Internet service instead of creating a new user name and password — speeding up the registration process and enabling users to simply click an icon rather than remembering yet another user name and password.

RMSelect, a Harte-Hanks Solution

RMSelect is Harte-Hanks' own preference center solution. Relationship Management means allowing users to select their own preferences — channel, content and frequency. A foundation in relationship management gives marketers an advantage, as they can communicate with customers in a more relevant way, based on customer-submitted data.

Results across multiple industries show that customers who choose their communications are more likely to respond and engage with the brand.

RMSelect starts with strategy — understanding client requirements and the timing of including all aspects of the online preference center. We often approach preference center design in a phased approach, enabling basic elements first and adding additional elements over time. We analyze program objectives that are impacted by the preference center, and then recommend a custom solution with standardized methodologies and technology. We approach preference centers from the perspective of customer experience — ensuring that your preference center meets with customer and brand needs alike.

RMSelect includes many services through The Agency Inside Harte-Hanks:

- Preference center strategy
- User experience design
- Data flow design and architecture
- Creative design
- Web and data development
- Hosting

Conclusion

Leveraging a preference center offers a multitude of benefits:

- Increased quality of CRM data

- Reduced customer opt-outs by providing options
- Increased opportunities to cross-sell brands and products
- Gained customer satisfaction data through surveys or polls
- Amplified loyalty programs (rewards or straight coupon offers)
- Low-cost interaction with user through self-service
- Increased customer satisfaction through increased relevance of communication
- Increased revenue from higher response rates to communications with lower cost
- A framework to support social and mobile customer interactions

Remember, you can't be sure you're delivering the right message at the right time in the right channel until your customer tells you just how "right" you are.

Be sure to learn more about RMSelect, our preference center solution, and how it can work for your business.

For information about Harte-Hanks agency services, please contact:

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