

MILEAGE
MOTIVATORS

BUSINESS
< 50%.

BUSINESS
≥ 50%.

STORIES

Gartner for Marketers

Gartner

The Big Flip

How to Graduate From Selling
What You Have on the Truck to
Serving Your Customers

@GartnerDigital

gartner.com/digitalmarketing

INTERNATIONAL
TRAVEL
≤ 50%.

MORE PARTNER MILES
THAN FLIGHT MILES?

PRIMARYLY
FLIGHT MILES

ESS
%.

BUSINESS
≤ 50%.

MILEAGE
MOTIVATORS

BUSINESS
< 50%.

BUSINESS
≥ 50%.

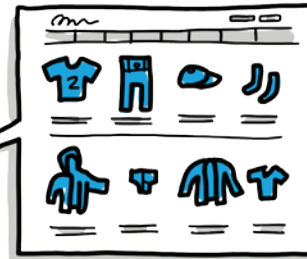
DEEP DISCOUNT
> 50%. (LUTs)

FUN SEEKERS

DEEP
DISCOUNT FARES
≥ 75%. (LUTs)

ALL OTHER
INFREQUENT
TRAVELERS

BUSINESS
SPLITTERS



MOMENT

MOMENT

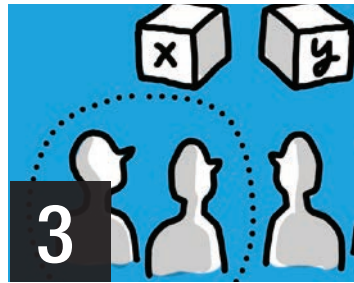
EXPERIENCE

Contents



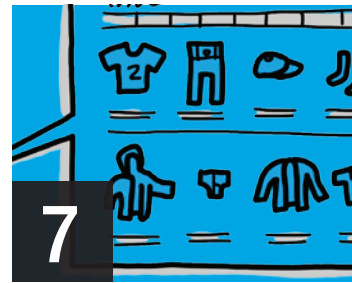
INTRODUCTION

Understanding Your Customer



SECTION 1

Build Marketing Segments



SECTION 2

What's in a Name?
Creating Personas for Digital Marketing



SECTION 3

Create Persona-Driven Buying Journeys

INTRODUCTION

Understanding Your Customer

Darren is a road warrior. His monthly air travel as a business manager means that he fits squarely within the “Road Warrior” frequent traveler segment for an airline that wants to optimize its offering, pricing and promotions for travelers like Darren. However, when it comes to developing creative assets, optimizing the website user experience and buying media, the airline marketing team needed more context.

So they created Darren.

Darren is a fictitious persona developed by the airline company to add richer detail and context to the segmentation conditions the airline used to create the “Road Warrior” segment (frequency of travel: high vs low, destination: domestic vs global, type of travel: business vs leisure). Darren is 37 and married with two kids. He “doesn’t have time to exercise,” shops on branded websites and prefers miles over status so he can redeem miles for family vacations. Darren is not alone; he represents an entire class of traveler the airline wants to court.

This gives the airline a much richer picture of customers like Darren to tailor a memorable and effective experience across diverse channels and different stages of the buying journey. The persona brings the segment to life and allows the airline to improve how they market to people like Darren.

By 2018, Gartner predicts that organizations that excel in personalization will outsell companies that don’t by 20%. Segments and personas are how marketers can improve customer experiences, advertising outcomes, pricing, user experience design and content. Intelligent segmentation and persona

development are essential allies in the march toward personalized customer experiences and precise media and content targeting. They are also key steps in the journey toward meeting consumers’ demands for more relevant experiences.



Planning the Customer Experience: Segments, Personas and Journeys

How does a persona differ from a segment?

The approaches are complementary. Segments are quantitatively derived audience populations; personas are qualitatively derived descriptions of the audiences themselves. Personas often inform the segments used to engage audiences over time just as the airline did with the persona of Darren.

Segments and personas are not directly visible to customers. They are used behind the scenes by marketing and other teams to focus and improve their efforts. Once you've developed segments and personas you can begin creating a map of the buying journey that forms the basis of your customer experience plan.

The following playbook details how to create and use segments and personas for more targeted and effective marketing. It then outlines ways to identify the moments that matter for these audiences in order to design better customer experiences that improve marketing outcomes.

Segments and personas can be used to improve the relevance and impact of:



TARGETS

Defining and finding discrete groups in media channels



MESSAGES

Creating more specific, relevant marketing and advertising



**OFFERS
and OTHER
BENEFITS**

Extending more offers & benefits more likely to appeal



**UX
DESIGN**

Building experiences that satisfy the needs of different users



ADVERTISING

Improving insights into subgroups of consumers



**CALL
SCRIPTS**

Honing language and responses by type

SECTION 1

Build Marketing Segments

Jessica, a “do-it-yourselfer,” prefers to tackle her tax preparation on her own. Kim, on the other hand, is more of a “do-it-for-me” and wants the help of her tax preparation company. Both of these women fall into marketing segments created by H&R Block that help the company target more precise media and content with its digital advertising. When you set out to create audience segments, first define your brand’s goals and specify customer attributes before diving into statistical analysis of your data.

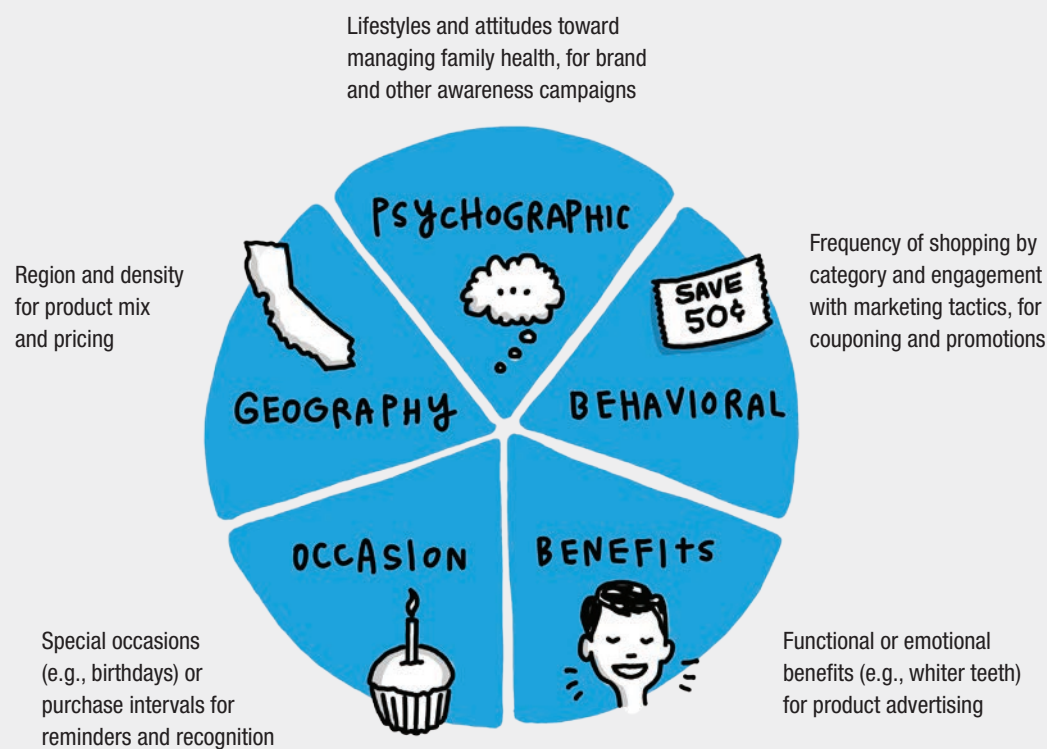


WHAT IS A SEGMENT?

A segment is a group of people or other entities, like companies or stores, that share quantifiable attributes that matter to your business.

Most marketers do not use a single approach to segmentation for all their efforts, but rather apply a number of different approaches for different business reasons, according to Martin Kihn, research vice president, Gartner for Marketing Leaders.

For example, the retailer CVS uses five different schemas:



DEFINE YOUR GOAL

While you can create as many segments as are statistically different and useful, good segmentation includes only those that are large enough to have an impact and that are stable, addressable and unique enough to reward different treatment. Begin by defining your goal across a framework for positioning internal/external (customer or non-customer) and strategic/tactical goals.

INTERNAL

Focuses on customers or others who have some engagement with your products — for example, visitors to your website. Primary uses include improving customer experience and retention, upselling and cross-selling, and gaining a greater share of wallet from competitors. Data sources include CRM, web analytics, point-of-sale systems, etc.



EXTERNAL

Treats people who are not existing customers, generally targeted for prospecting or growth. The outcome is often to find new prospects and leads for growth, or for new products and launches. Lacking internal (e.g., first-party) data, external segmentations rely on syndicated and other third-party data, media vendors, market research, government and other outside sources of information.

TACTICAL

Tactical segmentations have a goal of determining which types and groups of people are more or less likely to buy product X or service Y. For example, Kraft segmented its customer base by whether people searched for recipes and were interested in Easter for a promotion around its Easter Bunny Cake recipe.



STRATEGIC

Strategic segmentations are more interested in exploration and discovery among groups of customers or prospects and often used by marketers who want to discover new insights for targeting, messaging or product development. This was the goal for tax preparation company H&R Block when it performed clustering analysis that identified three broad groups of customers: "Do-it-yourselfer," "do-it-for-me," and a previously unknown hybrid group it called "do-it-with-me," who preferred some help but not full service.

DEVELOP ATTRIBUTES FOR DATA COLLECTION

At the heart of any segmentation exercise, think of attributes as quantifiable characteristics that can be aligned to a customer, prospect or market.



Are — Persistent personal attributes such as age, gender, household income, language group and marital status. Less persistent attributes include transition states such as moving, pregnancy, wedding and bankruptcy.



Do — Behaviors that can be observed, such as products bought, media or devices used, websites visited, content consumed. This includes where they are.



Think — Attitudes and values that are sometimes explicit, such as when a person calls or tweets a complaint, but often must be inferred (e.g., political party based on zip code).

After defining data collection sources and integration, build segments with a needs/value or clustering exercise. If you want to determine, for example, the key factors or needs that make a person a profitable customer, a decision tree can help spot which combinations of attributes have the greatest impact on value. Clustering methods are used to find groups of people who share similar attributes and are reasonably distinct from other groups. Both types of results give you powerful insights for product development, pricing, targeting, messaging and measurement.

Next, use personas to give depth and expression to segments that can seem cold, inhuman and incomplete. Here, a collection of attributes such as women over 30 who visit cooking sites becomes the persona “Tammy,” a proud mother of two young children who entertains with flair.

After developing segments it's time to add behavioral data, preferences and more in the form of personas to make the segments come to life.

SECTION 2

What's in a Name? Creating Personas for Digital Marketing

Customers increasingly expect a personalized, or at least relevant, experience, and what better way to get it right than to start with personas with rich details about the motivations and goals of your customers? Personas have been around for a long time, but they're growing in popularity because customers expect more. Demographics, market segments and role descriptors do little to help marketing teams understand what people want and how to interact with them such as their daily behaviors and preferences, according to Jake Sorofman, research vice president, Gartner for Marketers. Creating a vivid, intuitive picture of your audience targets requires an understanding of how to create and manage personas over the long haul.

Personas are not a
“set and forget” activity.



WHAT IS A PERSONA?

A persona is a fictional character created as a proxy for a target audience. These audience archetypes commonly include illustrative pictures and fictional names that make them tangible to digital designers and marketers. Personas identify similar patterns of behavior that result in commonly held goals. Digital marketers craft personas by analyzing primary and secondary sources, including ethnographic insight arising from direct observation of people and from data on their behavioral patterns.

Here's an example of the value of personas. According to CyberCollege, only about 22% of people without a high school education use the Internet, while almost 90% of people with a college education are regularly online. This demographic insight doesn't help define a specific interaction design or engagement plan.

Similarly, comScore has found that women account for 71% of the money spent in online shopping for apparel and accessories. This knowledge wouldn't help you craft the right experience for your specific target audience.

Now take the persona of Carey, a college-educated professional woman whose time constraints require frequent multitasking. She uses her mobile device to buy name-brand clothes for her two-year-old son (usually at home but sometimes when catching up over coffee with friends who have children of the same age) at competitive prices (because her peers see frugality as a virtue). Carey shops this way so she can spend more quality time with her family rather than waste it on stress-filled shopping trips. The persona provides much richer insight for digital designers and marketers, guiding the design of campaigns, engagement plans and digital experiences.

HOW TO CREATE A PERSONA

Personas are derived from a combination of five research modalities:

Demographic - Defines the basic structure of a population based on geography, income, level of education and other standard descriptive attributes.

Psychographic - Focuses on values, opinions, interests, aspirations, attitudes and lifestyles.

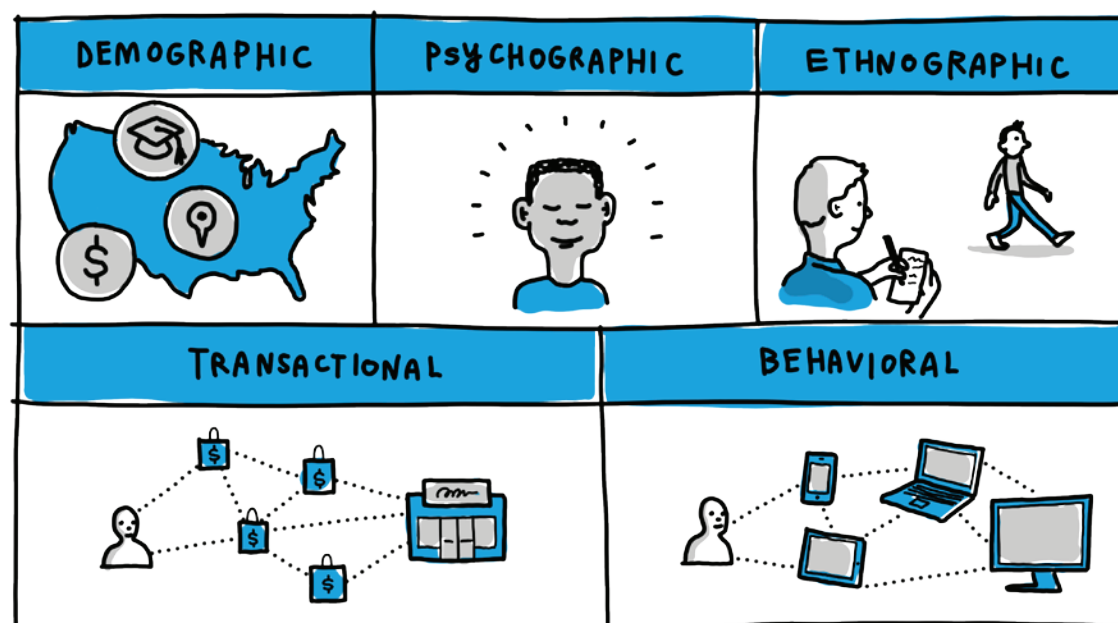
Ethnographic - Involves participatory observation where insights are gleaned by watching subjects in their daily routines and capturing what isn't explicitly reported.

Transactional - Reveals insights through a historical customer relationship, including first- and third-party purchase histories and post-sale service records.

Behavioral - Captures data passively through engagement with websites, mobile devices and other media, content and channels that reveal how audiences engage over the course of a relationship.

Digital designers blend the persona's behaviors and goal descriptions with a context (such as the availability of a mobile device) to create scenarios. These scenarios form the backbone of an initial campaign, storytelling or UX design. Personas and scenarios also help to make complex situations comprehensible to management.

Consider applying an estimated lifetime economic value to each persona based on the idea that customers aren't valued equally.



MANAGE PERSONAS OVER TIME

Consider applying an estimated lifetime economic value to each persona based on the idea that customers aren't valued equally. This will help you prioritize customer experience investments based on what delivers the highest yield to the business. It's typical to develop four to eight different personas as a series of abstracted profiles that help illuminate your target audiences.

Personas are not a "set and forget" activity. They do not lend themselves well to an initial flurry of activity to create a poster that's pinned to cubicle walls. Your audience's behavior links tightly to its

context or environment. When the environment changes, audience behavior will likely change, too. Thus, personas should be dynamic — at times you'll even need to retire them. Here, persona research informs your top-down view while continuous measurement with analytics informs your bottom-up optimization of these personas over time.

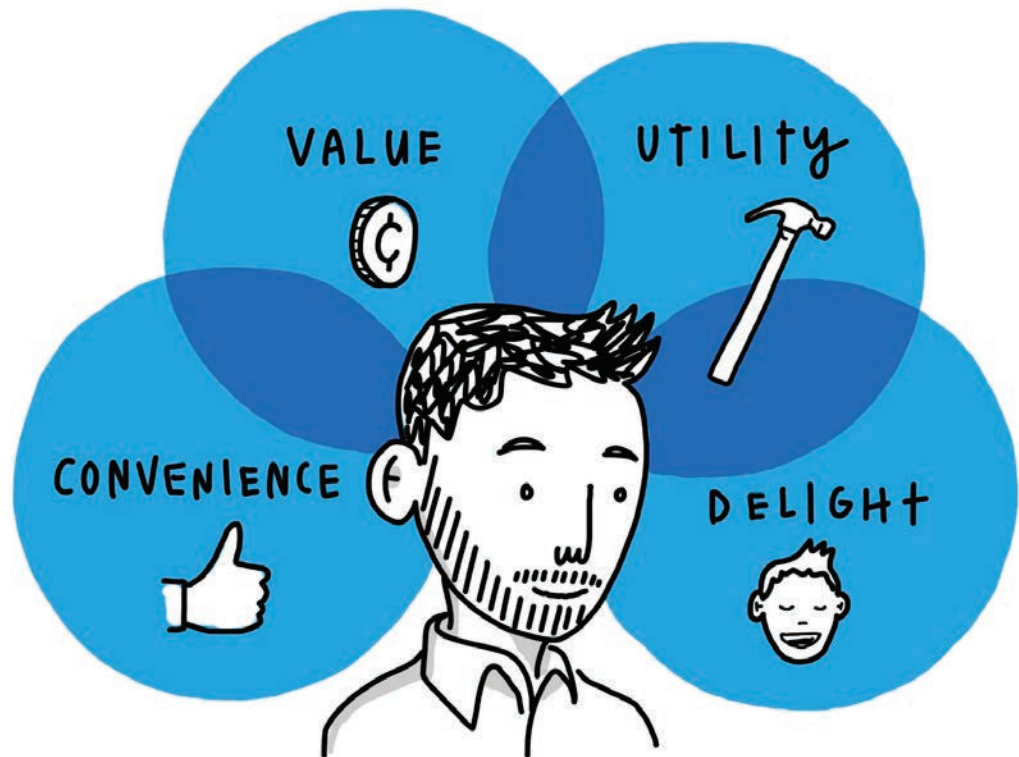
After creating personas, map each one to specific moments on the buying journey. The next section explores how to design a journey map that becomes the backbone of your customer experience architecture.

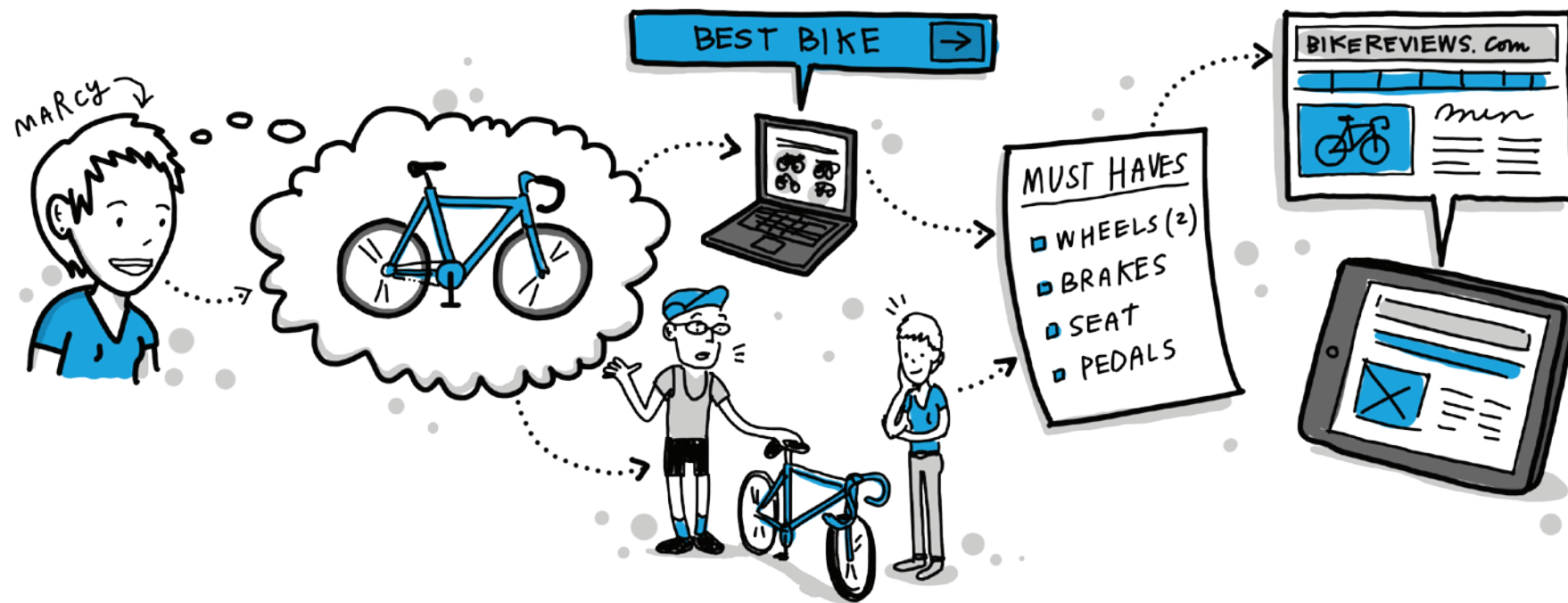
SECTION 3

Create Persona-Driven Buying Journeys

What do customers expect from their relationship with your brand? Some combination of utility, convenience, value and delight at each interaction based on their individual needs at a specific moment. To achieve this, it's necessary to create segments, targeted groups with similar attributes; and personas, fictional characters that embody the motivations, goals and behaviors of your target audience. According to Jake Sorofman, research vice president, Gartner for Marketers, once you know who you want to reach, it's time to identify the key moments and decision points on the buying journey and then design the experience accordingly.

This section describes how to combine segments and personas with the when, what and how to define pathways that draw audiences from engagement to conversion, to transaction and to advocacy.





WHEN: MAP PERSONAS TO KEY MOMENTS ON THE BUYING JOURNEY

By understanding the behaviors, preferences, media consumption habits, technology adoption patterns and detailed day-in-the-life routines of these audiences, you can begin designing a journey map that becomes the backbone of your customer experience architecture. Wherever you're interviewing customers, seek to capture an as-is view of their relationship with your brand, across all touchpoints. What's working? What's not? This will be important input into your overall prioritization of customer experience investment candidates.

Begin by mapping personas to specific moments on the buying journey. Do this by modeling the specific paths each persona traverses, pre- and post-sale, over the course of their relationship with your brand. It's often useful to illustrate this freehand on a whiteboard or on large sheets of butcher paper hung on the walls of a conference room. Be as detailed as possible. You can always simplify and consolidate steps later.

Think of persona Marcy, a 28-year-old single professional who wants a new fitness routine and begins a journey to purchase a bike. A cycling brand would identify her steps from the first Internet search, to questioning her "hard core" cycling friends, to when she begins to formulate purchase criteria, among many others. More importantly, the brand seeks to understand Marcy's true motivations and goals, turning this "need-state" into the blueprint for a high-value customer experience.

WHAT: DEFINE STORIES, EXPERIENCES AND SERVICES THAT ENGAGE AND DELIGHT

Next, create a table by mapping personas to moments. At the intersections there are opportunities to create an inventory of stories, services and experiences, where:

Stories are the use of content to engage audiences in contextually relevant ways.

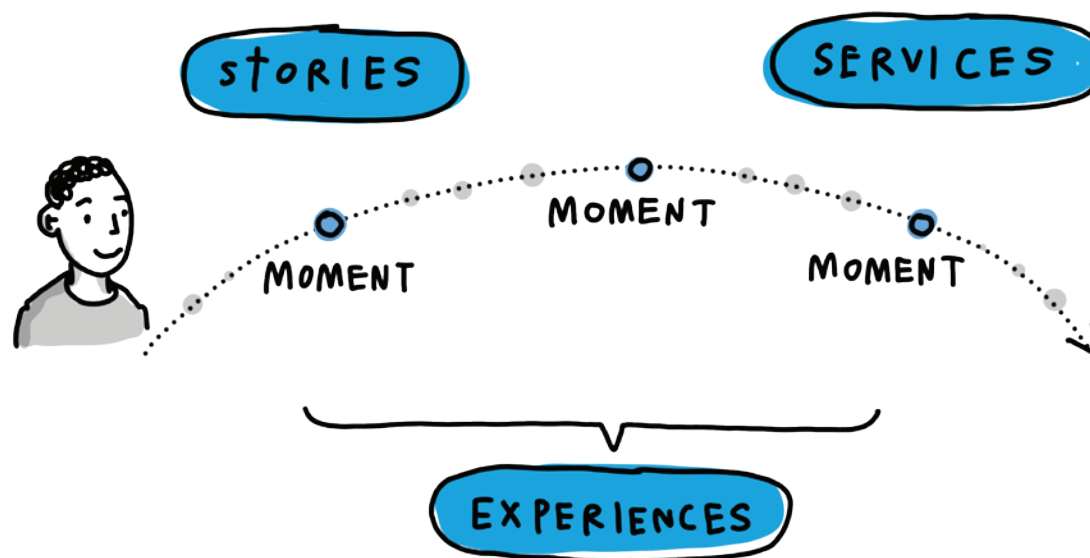
Services are discrete features and apps designed to engage and/or serve audiences.

Experiences are how key moments are tightly orchestrated over the arc of engagement.

HOW: IDENTIFY SYSTEMS, PEOPLE, PROCESS AND DATA TO ENABLE EXPERIENCES

Once you've defined the what, you need to address the how. Begin by mapping the stories, experiences and services you've conceived in the previous step to the systems they implicate, the people they rely on, the processes they impact and the data they require.

Keep in mind that creating discrete experiences isn't enough. These experiences should be connected by logical linkages that drive engagement, progression and conversion across a decision journey and over the course of a customer relationship. For example, one audience-centric content asset should set up the next, which becomes progressively brand- and/or offer-centric over the course of engagement. But be sure calls to action are appropriate to the moment. Going for the "close" in the earliest moments can turn brand engagement toxic.



Ultimately, it's necessary to define pathways that draw audiences from engagement to conversion to transaction and to advocacy. Design these pathways with two specific journeys in mind:

1. The path to purchase for a specific offering
2. The lifetime relationship with a known customer

It's your investments in the second pathway that will yield a lifetime of loyalty and advocacy.

Gartner for Marketers clients can read more in these related research document:

"How to Design Customer Experiences Using Persona-Driven Buying Journeys"
by Jake Sorofman

"How to Build Segments and Personas for Digital Marketing" by Martin Kihn

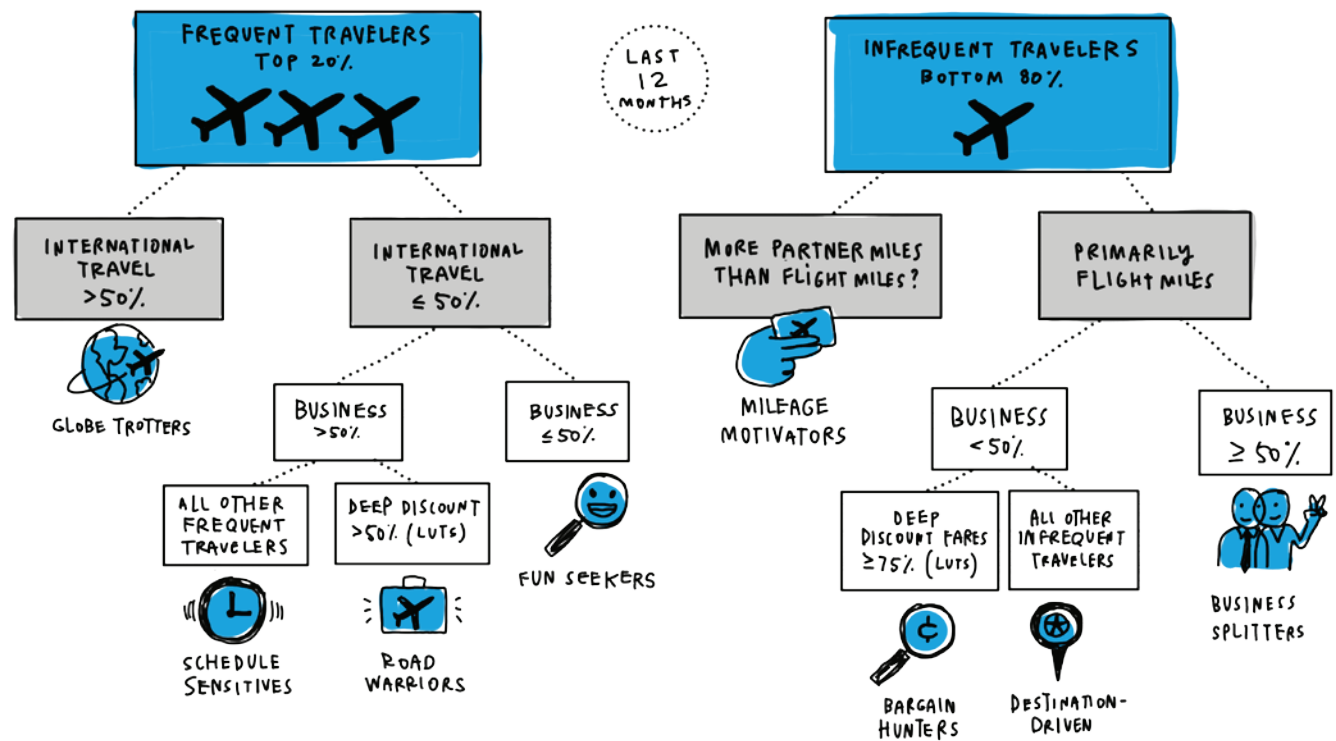
"Use Personas to Drive Exceptional Customer Experiences" by Jake Sorofman and Brian Prentice

Appendix

PERSONALIZATION DEFINED

Marketers use personalization to improve relevance effectiveness. Personalization involves marketers' application of context, including knowledge about a user (e.g., demographic and psychographic data), and their circumstances (e.g., behavioral, geographic and transactional), to select and tailor content, offers and interactions that will maximize conversion and other marketing and business goals.

NEEDS/VALUE SEGMENTATION FOR AN AIRLINE



Digital has redefined the role of marketing, adding new players and creating bigger complexities.

Gartner for Marketers helps you get up to speed on and stay smarter in the eight digital marketing areas that matter most: social, mobile, multichannel and data-driven marketing, digital commerce, customer experience, marketing management, and emerging marketing technology and trends.

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Key Initiatives

- Customer Experience
- Data Driven
- Emerging Trends
- Marketing Management



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- Customer Experience
- Emerging Trends
- Marketing Management
- Multichannel



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