OMNICHANNEL APPROACH – 
THE SECRET INGREDIENT OF 
THE MARKETING MIX

HOW OMNICHANNEL MARKETING CAN ENHANCE CUSTOMER 
EXPERIENCE AND INDUCE LOYALTY

Abstract
With growing competition in the marketplace, organizations are looking for ways to increase customer-stickiness. Marketing models and the technology supporting these have evolved with the changing business environment. In this paper, we talk about the foundation of marketing models – the 4 Ps, namely, Product, Price, Place and Promotion – and discuss ways of making these more effective for brand growth. We have identified an additional element beyond the age-old ‘4 Ps’ model, which not only encourages customers to increase spending, but also compels them to return to shop again. We explain how marketers can use existing technology such as analytics and customer relationship management (CRM) systems in a synchronous and seamless way to maximize sales.
Marketing mix – the ‘4 Ps’ model

It was way back in the 1960s that E. Jerome McCarthy introduced the marketing mix – the 4 Ps of Product, Price, Place and Promotion – as a business tool. Since then, it has been accepted as the backbone of marketing. The model proposed that in order to effectively market anything, a marketer should look at four key areas:

- **Product**
  - What are the attributes of the product?
  - Is the product suitable for the given environment, situation etc.?

- **Price**
  - What should be the most suitable price for the product depending on geographical, environmental and other external factors?

- **Place**
  - Which is the most suitable location to launch the product?

- **Promotion**
  - What is the most suitable marketing channel to promote the product?
  - What kind of promotion will yield the best results: print, TV advertising, social media, etc.?

Whenever marketers need to create a marketing strategy, they go back to their textbooks, read through the 4 Ps model and ask the following key questions:

- What does the customer want from the product or service?
- What needs does it satisfy?
- What is the value of the product or service to the buyer?
- Are there established price points for products or services in this area?

- Where do buyers look for the product or service?
- Where and when can we get across our marketing message to the target market?

By answering these questions and incorporating the answers in their marketing strategy, marketers are able to successfully market their products to the customer. This eventually leads to the purchase of the product by the customer.

For years the focus of the 4 Ps has primarily been on one-time purchases. However, the four Ps are not enough to hold the attention of today’s demanding customer. Using analytics, CRM, and personalized platforms, marketers are now more focused on targeting the customer on a personal level. With several buying options available in the market, the need of the hour is to retain the customer by concentrating on the post-purchase behavior to create greater loyalty.
Introducing the fifth ‘P’ – post-purchase marketing

According to a Mckinsey study\(^1\) conducted on 20,000 customers, an ideal consumer journey from the marketer’s perspective should end in the customer being loyal to the brand and engaging in repeat purchases.

The loyalty enabler – post-purchase factor

This paper is about the fifth ‘P’ – the magic ingredient that activates the loyalty factor. The four Ps focus on the first three stages of marketing (awareness, familiarity and consideration) which eventually lead to a purchase. However, a marketer today needs to think of repeat purchases instead of a single one. A marketing strategy in today’s world can be considered successful only when customers come back for more.

Omnichannel marketing – the essence of post-purchase marketing

Omnichannel marketing focuses on providing a seamless, consistent and engaging experience across all marketing channels while sending the right message (promotion and offers) at the right time to customers.

Why is omnichannel marketing considered the essence of post-purchase marketing? The answer lies in the importance of customer experience (CX) in customer engagement. Superior experience results in successful customer engagement which in turn boosts revenue. For instance, a Temkin Group report suggests that a modest improvement in CX can give a $1 billion firm a $370 million increase in revenue over three years.\(^2\) The group’s report, ‘ROI on Customer Experience 2014’, refers to a model they built to evaluate the impact of customer experience on the revenue of a $1 billion business over three years in 19 industries. The model shows that CX has the largest impact on hotels ($461 million), fast food chains ($437 million), and retailers ($428 million).

According to Jim Kaniaris, Vice President of Customer Experience at Express\(^2\), “Every customer has a story. We have to think about what our customers are experiencing; what their story is about – today, at this point in time.”

The basis of customer experience management is to provide the customers:

- What they need the most at the time
- A seamless and consistent experience across all channels

The principle of omnichannel marketing advocates the same thought. The post-purchase experience when incorporated along with the omnichannel principle helps complete the marketing loop and go back to the needs of the customer. It is through this loop that loyalty is generated and ‘customer-stickiness’ is maintained. This interconnectivity suggests that to obtain a significant return on omnichannel investment, superior customer experience must be maintained throughout the customer engagement journey.

A typical customer engagement journey has three stages:

Pre-engagement stage:

This is the stage where institutions are trying to engage with the customer using offers, promotions, marketing activities, and advertising campaigns. Irrespective of the channel of interaction, the focus must be on the principal of omnichannel marketing which relies mainly on two factors: consistent and seamless customer experience across all channels and sending the right message to the right customer at the right time.

A satisfying pre-engagement experience using the omnichannel strategy ensures a long-term customer relationship. However, for this to materialize, the seamless omnichannel experience needs to continue during the engagement and post-engagement stages of the journey.

Engagement stage

After customers have interacted with the product and brand, they would like the seamless omnichannel experience to continue as this was the key factor which compelled them to engage with the institution in the first place. Customer touch-points such as the institution’s mobile app, website, customer care service, etc., must continue to provide the omnichannel experience. A satisfying experience at this stage is the stepping stone to customer loyalty.
**Post-engagement stage**

This is the most crucial stage of the customer engagement journey with the potential to transform an engaged customer into a loyal one. The diagram below depicts how omnichannel customer experience during the post-engagement stage leads to repeat purchases and loyalty.

![Post-purchase engagement – customer experience leads to loyalty](image)

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**The omnichannel paradigm**

Research conducted by e-commerce agency Corra\(^1\) in 2013 revealed that 80% of Americans are more likely to be loyal to retailers that provide a seamless shopping experience across devices.

The diagram below defines how post-purchase marketing can be integrated with post-purchase behavior and analytics to ensure customer loyalty through seamless marketing.

![Repeat purchase journey](image)
The marketing loop

Omnichannel customer engagement journey

The customer engagement journey (shown above) is based on the two principles of providing customers what they need the most at the time and offering them a seamless and consistent experience across all channels.

Provide what your customers need the most at the time

The repeat purchase journey shown above, implies that businesses should provide customers with the most appropriate message at the most suitable time. For instance, if a customer logs into the website of an airline carrier and he is browsing the website on his laptop, the most appropriate way of delivering a message to this customer would be to send it to his inbox while he is still online.

Offer a seamless and consistent experience to the customer across all channels

In the example discussed earlier, if the customer does not respond to the message sent to his inbox then the message or the offer can be delivered through the next appropriate medium. This can be the customer’s mobile phone or smart device. The important part is a consistent experience across all mediums.

Further, if the customer opts to utilize the offers delivered to him, his purchase experience through the customer portal must be seamless and easy. All the requirements related to customer data such as number of points available, points earned in the current month, and expiry date of the points should be integrated in a single place in the portal. In short, a 360-degree view of the customer must be available on the portal. This information can act as a guide to the customer and make his purchase and repeat purchase experience seamless and easy.

Enhancing customer experience in payments

Staples, the office supply chain, has enabled small business owners to purchase products online and then pick them up in the store within hours. Customers can pay for these purchases online via Visa Checkout, at in-store kiosks, or by using a dedicated iPad app. Shoppers can use any brand of credit card with Visa Checkout, which pre-populates their shipping information and is available on the Staples website.

Apple, in collaboration with American Express, is building a new digital payments system that will be incorporated into their latest phones and turn them into virtual credit cards. The payments will be performed using Near Field Communication (NFC) technology. By doing this Apple is ensuring that their customers are able to transact with multiple merchants globally and enjoy excellent user experience.

Mastercard has built a digital payments platform to provide services through mobile devices to customers. It enables customers to make payments via a payment card or enabled mobile device, online or in stores. Partnerships with banks, merchants and other wallet issuers are utilized to deliver these digital wallet services.
Our view

The post-purchase paradigm is the new key to customer loyalty. The four Ps are no longer enough to keep today’s fickle consumer engaged. The post-purchase strategy can help marketers understand the needs of the consumer. The post-purchase element is the loop that makes the consumer the central theme of all marketing activities. When retailers provide a consistent omnichannel experience and track post-purchase history, they are also able to use advanced analytics successfully to understand customer needs in real time.

In addition to helping companies understand metrics such as service improvements, supply chain management issues and logistics, post-purchase engagement also provides lucid market insights that can drive sales.

The fifth ‘P’ completes the loop that modern-age marketers need. Integrated well, it can cement loyalty. The key to this is to engage the customer the omnichannel way.

References

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