

CONTEXTUAL MARKETING AND **THE NEW MARKETING CONTRACT**



By Brian Solis

Thought Leadership Study by Altimeter Group on behalf of StrongView

ALTIMETER® STRONGVIEW.

MEET GENERATION C: YOUR CONNECTED CUSTOMER

We live in a time of great technology evolution and revolution. Innovation is not only upon us; it affects, even disrupts, us as marketers and as consumers of other businesses.

Things are a lot different now. Marketing is no longer what it used to be. With all of the distractions facing consumers, it's time for businesses to establish a new marketing contract with customers.

Customers are more connected than ever before.

The number of touchpoints between businesses and customers has exploded.

Technology is pervasive and something new is always on the horizon. Wearables. Smart watches. The Internet of Things. What's next?

Everything is changing.

We live in a world where phones are no longer "phones" in the way we once used them. Now, they're electronic windows into new worlds connecting people, information, and things, and ushering in a new generation of expectations and behaviors along the way.

At the same time, media is no longer static, owned, or controlled; it's social, democratized, and real-time.

While we may understand customers are more connected than ever before, marketers often struggle to truly appreciate how and why this increased connectedness changes the customer journey and their expectations and behaviors.

When considering the connected consumer, you may immediately think of Millennials, those twenty- and early thirty-somethings who grew up digital. They're different

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than analog-born customers. Everything they do and why they do it almost seems counter-intuitive to what everyone else thinks and does. The idea of sharing everything online boggles the mind of previous generations. Companies must begin by understanding and appreciating the differences.

It's not just Millennials and the even more connected younger generation (Generation Z, as they're called) behind them. The future customer is here already, and it's comprised of Millennials and more. I refer to this growing generation of connected customers as Generation C, an even larger group of likeminded consumers who "act" like Millennials but consist of every generation including X, Boomers, and Seniors. They live a digital lifestyle where all things related to life, work, and consumerism are digital and mobile first.

In my research over the years, I learned that once someone, whether they're 16 or 60, lives an increasingly digital lifestyle, including the use of smart phones, social networks, apps, mobile payment systems, et al., they begin to share many similar attributes that add up to a different type of customer than those we built systems and processes around all those years ago. The impact and effect of connectivity transcends any age group. The differences are realized in ...

- How they learn, discover, and share.
- How they want to work or go about finding answers and solving problems.
- How they're influenced and, in turn, how they influence others.
- What and why they hate, like and love.
- What they value and how they want to be valued.

Technology is now part of life among those who live and participate in an active digital lifestyle.

I refer to this growing generation of connected customers as Generation C, an even larger group of likeminded consumers who "act" like Millennials but consist of every generation including X, Boomers, and Seniors.

Generation C represents a growing subset of consumers as a whole — they're simply more connected than everyone else. As a result, they're more informed and empowered. And, their expectations, at the same time, are soaring. They demand attention, personalization, and efficiency ... their way. And, they require that your values match their own. This goes beyond expectations. This is about entitlement; a mandate for "how things should be given my relationship with your brand."

How Generation C does business and how you do business are progressively dividing. These differences in behaviors and expectations are something that companies need to better understand and, in turn, invest in new marketing philosophies, processes, systems, and technologies accordingly.

A new marketing contract is needed to capture the attention of Generation C. You must earn it. And, once you have their attention, you must promise to do something meaningful and personal with it. Context is at the center of new engagement. It is the new minimum required for them to, in turn, engage with you.

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GENERATION C BROADCASTS A BLINDING FURY OF DATA

Everything we share, everywhere we go, everything we say, and everyone we follow or connect with generates volumes of data. In that data lies valuable information that can be used to improve marketing, consumer experiences, and, ultimately, improve products and services. The onslaught of real-time social, local, mobile (SoLoMo) technology is nothing short of overwhelming. Besides the gadgets, apps, social networks, and appliances that continue to emerge, the pace of innovation is only outdone by the volumes of data that each produce.

While the amount of personal and ambient information churned out by SoLoMo is often inundating or even perplexing, it is this “big” data that will help marketers evolve and adapt in a new era of connected consumerism. More importantly, the study and understanding of relevant big data will shift organizations from simply reacting to trends, to predicting the next disruption and adapting ahead of competition. Without studying how the undercurrent of behavior is evolving, organizations cannot effectively adapt to new present-tense trends and opportunities.

Relevance, though, isn't guaranteed simply because you start to mine this pervasive data. Without interpretation, insight, and the ability to put empathy to work, any investment in technology and resources is premature. But, by investing in human capital to make sense of would-be “big” data, organizations can modernize the role of business intelligence to introduce a human touch. SoLoMo analysis becomes the sustenance that feeds the insights for more informed and inspired innovation.

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CONTEXT IS KING: THE FUTURE OF ENGAGEMENT IN A CONNECTED ECONOMY STARTS WITH EMPATHY

Content is king! Or, at least content was once king, according to marketing experts everywhere. By now, you've more than likely heard variations of this where everything is now king.

Mobile is king! Social media is king!

There can be only one king in the future of marketing, and it represents the crux of meaningful customer engagement that evolves into mutually beneficial relationships.

Now, context is king.

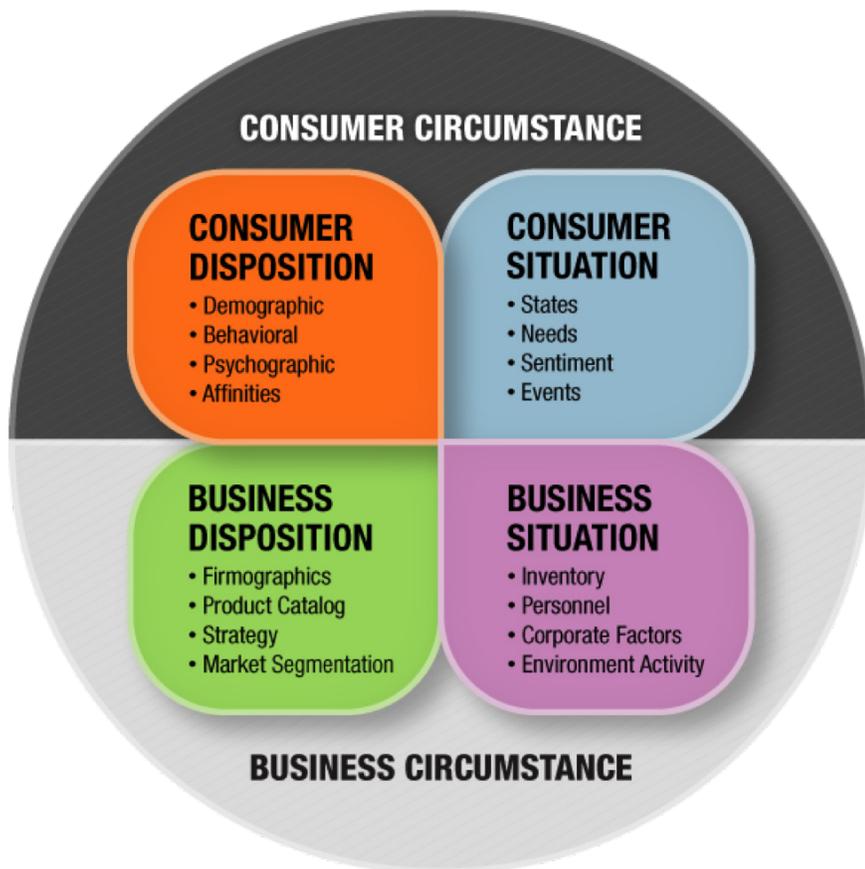
What is context, and why does it matter?

Context portrays the circumstances that form the setting for an event or state that can be fully understood and considered to optimize any moment.

The team at StrongView, a company that develops a cross-channel marketing platform designed to understand and leverage contextual data, defines customer context this way ...¹

Figure 1

Customer Context



The unique combination of the consumer's disposition and situation, coupled with the business's disposition and situation. The relevance of a firm's interactions are related directly to its understanding of customer context.

¹ Context Changes Everything: A New Foundation for Delivering Value, StrongView (<http://www.strongview.com/resources/success-guides/context-changes-everything>)

Customer context helps a business understand, engage, and deliver value to consumers within a specific situation. As such, context provides a distinct understanding of a customer that informs the most relevant action that the firm should take.

In this paper, StrongView and Altimeter Group examine the rise of the connected customer and how contextual marketing is key to engagement and relevance in a digital economy.

Figure 2



TECHNOLOGY FACILITATES CONTEXT; EMPATHY DRIVES ENGAGEMENT

Technology, however, is not the only solution; it's a means to an end. It's how and why you use it that matters. Context makes things relevant. Empathy makes engagement personal. The combination is appreciated by customers and valued by businesses.

Here are a few examples of engagement that miss the potency of context and empathy and instead rely on technology to make connections.

Mass email doesn't work just because technology helps you reach more people with flashier, more targeted messages with the click of the "send" button.

Social media isn't social just because you show up and talk at people through real-time updates in the form of the latest character-limited, time-capped, square-shaped images, videos, pinboard, and infographics.

Digital advertising isn't effective just because you can retarget someone based on previous clicks or post ads in new places where people flock to avoid them.

Creative content that plays to the strengths of the medium or follows the trends of everyone else doesn't compel customers to remember you.

No. Each illustration represents something that I call mediumism: the inordinate investment marketers make in tools, platforms, and content over context and personal (customer) value. Technology now can help you understand a customer's context and then respond with even greater context. The result is relevance.

Automation is also made possible by technology. But as a marketing tool, it should only be used to scale activities that facilitate meaningful customer engagements that lead to mutually rewarding relationships.

True engagement starts with intention, and intention is inspired by customer empathy. Technology delivers to you the ability to gain insights into the contextual state or goal of customers in order to engage them with the right message, with the right content, in the right channel, and at the right time.

Indeed, effective engagement is inspired by the empathy that develops simply by being human. Succeeding in the future of marketing starts with understanding that the delta between what you're doing today and what you could be doing comes down to an alignment between how you define success and how your customers want to engage with you to fulfill their aspirations.

If you place everything on technology and little on empathy, the promise of context is thwarted. The magic of technology is that context is there for any inspired marketer to find and wield. It lies between the 1s and 0s of **what ...**

- **Customers do.**
- **How they feel.**
- **What they say.**
- **Where they say it and how.**
- **Who they talk and listen to.**
- **And what it is they value now and in the long term.**

Again, technology isn't the only answer. It is the means to find the answer and deliver the solution that will help your customer take the next step toward you. Context is now king because it trumps everything else in making people feel valued through your marketing, sales, service, and loyalty program. Context informs everything.

CUSTOMER EXPERIENCE STARTS WITH CONTEXT: REDFIN HELPS CUSTOMERS FIND THE RIGHT HOME

As an online-based real estate brokerage, Redfin has the difficult but important task of convincing consumers why they should go with its unique business model versus traditional firms. Their goal is to demonstrate how their technical advantages provide real-world consumer benefits and improved support.

The traditional real-estate customer lifecycle is incredibly complicated because sometimes it can take years. Redfin aims to deliver excellent service by getting customers in the right home, but they can only do that if customers stay engaged with their brand during the process. Therefore, Redfin has to focus on keeping customers engaged through awareness and engagement strategies that provide relevant messaging, at the right time, in the right context, in the right channels all while understanding where customers are in the process as they research online.

To help customers find their home, Redfin's marketing goals are threefold:

- Convert customers by getting them to go beyond simply searching on their website to contacting Redfin for service for the first-time.
- Reactivate customers who have contacted them for service but have gone silent and those who have stopped coming to the website.
- Drive repeat business and referrals by staying in contact throughout the customer lifecycle.

In order to engender brand loyalty throughout the customer lifecycle, Redfin determined that it needed all of its messages to be contextually relevant based on where customers are in the process of buying or selling a home. As you can imagine, doing so required a completely different approach than traditional batch-and-blast campaigns.

Redfin invested in a program with the help of StrongView to create a series of lifecycle marketing programs based on contextually relevant information that was directly informed by customer-driven events and current state engagement.

First, Redfin revamped its New Registrant welcome series. The campaign then personalized content based on the specific reason the consumer actually registered. The series then branches off based on how the consumer engaged with the initial email. For example, if a consumer identified that they were looking for new listings, subsequent emails will feature complementary services, such as the company's mobile app. The second email in the series is designed to drill down further on their core interests. For example, Redfin looks to discern if they are mainly interested in buying, selling, or both? Once that data is captured via a click, all future messages are tailored accordingly.

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Figure 3

REDFIN. Redfin Agents Buying Selling Mobile

Never Miss New Listings

Get instant or daily updates delivered straight to your inbox when homes are listed for sale or drop in price.

[Sign Up for Listing Updates](#)

See Homes in Person for Free

Tour as many homes as you need with a local, expert Redfin Agent.

[Find Out More](#)

How Redfin Works

See exactly how Redfin has reinvented how to buy or sell your home.

[Watch the Video](#)

Come to a Free Class

A local Redfin Agent will explain the home-buying process and answer all your questions.

[Find Classes Near You](#)

In addition, Redfin looks for ways to engage customers based on their last action. For instance, if a user clicks on a “Schedule My Tour” link, but doesn’t follow through with the form, the company follows up with an email that showcases the properties they were interested in touring. Redfin also focuses on increasing the volume of tours by sending out an email showcasing homes that were “Favorited” but not toured.

REDFIN. Our Agents Buying Selling Mobile

Find the Right Fit

These bedrooms are too small. That kitchen is too outdated. You're looking for a home that's just right.

Redfin's Peninsula Agents are ready to help you find it. They'll take you on as many free tours as you need, with no pressure or obligation.

Just click the [Go Tour This Home](#) button below to get started.

| | |
|--|--|
| \$1,198,000 | \$1,498,888 |
| | |
| 1158 DOVER Ln Foster City, CA 94404 Coldwell Banker Residential | 301 PORT ROYAL Ave Foster City, CA 94404 Realty World-SVI Group |
| 3 Bed 2.5 Bath 1940 Sq. Ft. | 4 Bed 2.5 Bath 2590 Sq. Ft. |
| Go Tour This Home | Go Tour This Home |

Redfin's Peninsula Team
[\(650\) 273-0986](tel:650-273-0986)

Mobile Like Follow Forward [Unsubscribe](#)

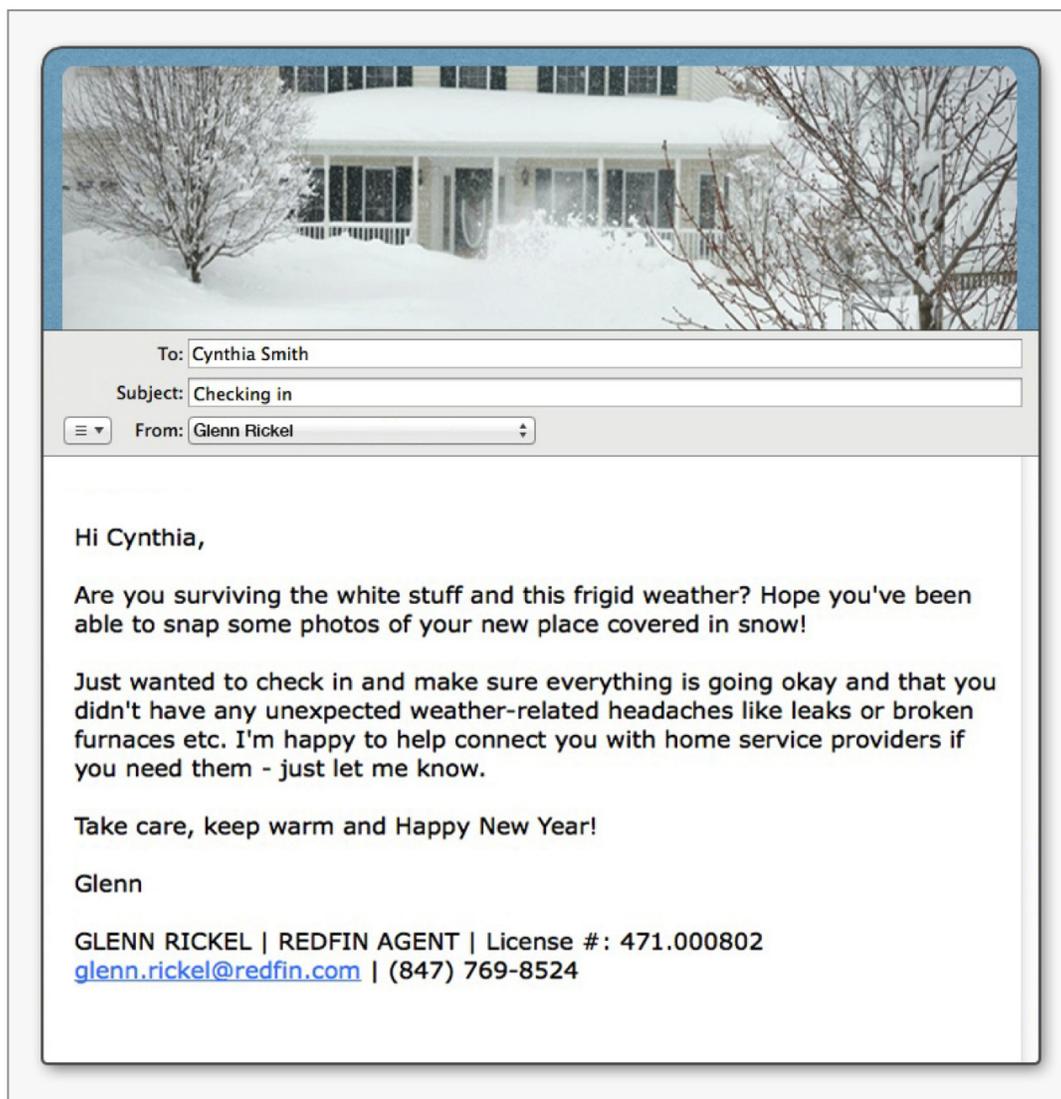
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While Redfin employs multiple lifecycle marketing programs, it is also conscious of over-messaging customers. Redfin uses StrongView’s frequency limiting capabilities to suppress users from certain programs based on how long it’s been since they last engaged with a message. In that way, they reduce the risk of less engaged consumers unsubscribing or hitting the “this is spam” button, which can negatively affect deliverability to all of its customers.

Finally, to complement high-level brand messages, Redfin is also automating personalized engagement from reps to improve responses and deliver better service and overall experiences. In one example of contextual marketing, the company helps reps also find other interesting and approachable ways to talk to consumers, such as basing automated engagement on weather to promote loyalty and increase engagement. For instance, after a snowstorm hits a certain area, Redfin automates an email to recent homebuyers in the affected area, asking to share feedback regarding how their home looks in the snow and inquiring whether it would be helpful to recommend any home service providers for weather-related issues.

Email, of course, is only one part of a contextual marketing campaign. Every aspect of engagement must be considered, from web to social to mobile and also everything in between. The results in just this one area of contextual marketing have been very successful for Redfin. The company realized significant engagement across key metrics, including opens, clicks, unsubscribes, etc. But, the most important metric that Redfin tracks is the rate at which customers contact, reengage, or refer Redfin over time. By increasing the personalization of its messages with contextually relevant content, Redfin has seen a 20 to 30% lift in contact and reactivation rates for customers who received these programs versus a control group that didn't receive the programs.

Figure 4



CONTEXT IS THE KEY TO MEANINGFUL RELATIONSHIPS

It's time for a new marketing contract, one rooted in context and meaningful intentions.

By crafting experiences through a contextual lens, brands are able to employ a personal and informed approach that's genuine and authentic. Now, marketers and executives can see things from a digital AND people-first perspective.

Imagine a world where ROI doesn't just increase returns on investments, but equally increases engagement, drives conversions, provokes desired action, and, ultimately, boosts customer loyalty. Context creates a return on all things that add value to you and your customers. It's mutually beneficial at every step. Context sets in motion an entirely new value cycle that with investment only expands in reach and relevance.

But abstracting context is just the beginning. When paired with empathy, marketers will hold the key to meaningful customer experiences and more rewarding relationships. And, earning and cultivating relationships takes us away from touchpoint or campaign-focused strategies to something that builds and improves customer journeys over time.

That's the foundation of true contextual marketing and the new marketing contract. Context is not a buzzword; it's a way of business. It takes an everyday series of mass marketing methodologies and evolves your message and value proposition into something that's truly personalized. It enhances a point-and-click customer journey into the "ultimate" customer journey — understanding and solving for the evolving digital customer journey as needs, expectations, and demands of customers develop. It's about time things got personal.

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About Altimeter Group

Altimeter is a research and consulting firm that helps companies understand and act on technology disruption. We give business leaders the insight and confidence to help their companies thrive in the face of disruption. In addition to publishing research, Altimeter Group analysts speak and provide strategy consulting on trends in leadership, digital transformation, social business, data disruption, and content marketing strategy.

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About StrongView

StrongView helps brands understand, engage, and deliver value to consumers. Recognized as a leading provider of email and cross-channel marketing solutions, StrongView is reinventing customer relationship marketing through customer context. Our contextual marketing solutions enable brands to recognize and act on consumers' fast-changing circumstances before, during, and after each moment of engagement.

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