Customer experience management in digital channels with marketing automation

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Abstract

Superior customer experience and successful customer experience management can create a competitive advantage that is difficult to match by the competitors. However managing customer experience successfully the customer experience needs to be considered in the context of multiple marketing channels and multiple customer segments which requires a lot of resources. With the difficult financial conditions today the use of technology and marketing automation offer companies a chance to work efficiently across the marketing channels and segments.

Managing customer relationships and customer experience has been studied quite extensively before. In recent years the scope in the research has moved more from customer relationship management (CRM) to customer experience management (CEM). Segmentation of the customers origins from the 1950s and it is one of the fundamental concepts of marketing. Also digital marketing and using technology in the marketing has been studied quite a lot in the past decades. However using technology and specially marketing automation as a tool to manage customer experience has not been studied. Since customer experience is seen one of the most important concepts of marketing in the coming years and companies are all the time looking a ways how to enhance their marketing with better use of software these two concepts make an interesting combination.

In this study I have combined the customer experience management with marketing automation. My main research question is how customer experience can be managed with marketing automation. The sub questions are what kind of channels can be used in the digital marketing and how customers can be segmented effectively. I'll answer these questions by reviewing the research that has already been made in these areas and with a case study of the customer experience and marketing automation in a company called Fintoto. The literature research includes customer experience and it's management, segmentation, digital marketing channels and use of technology in marketing. Based on this research is built a framework which is used the case study to analyze the customer experience and marketing automation of Fintoto.

Main results were that there is a way how customer experience can be managed with marketing automation. The main argument is that as customer experience happens in the touch-points where customer interacts with the company with the use of marketing automation technology the respond can differ and be most optimal one for each customer. The data gathered from the customers can be used with marketing automation to tailor the right response or message for each customer.

Keywords

big data, customer experience, customer experience management, customer segmentation, digital marketing, marketing automation.
Abbreviations

CEM  Customer Experience Management
CRM  Customer Relationship Management
E-PR  Online Public Relations
MA  Marketing Automation
MAS  Marketing Automation Software
SEM  Search Engine Marketing
SEO  Search Engine Optimization
SMS  Short Message Service, a form of text messaging communication on phones and mobile phones.
PR  Public Relations
Foreword

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1. Introduction

Customer experience is a combination of all those experiences which a customer has when interacting with the company. Contact with the customer service, visiting a company website or seeing a display ad of a company are all customer experiences. Customer Experience Management (CEM) is a process where customer's experience of the company is strategically managed. Traditional Customer Relationship Management (CRM) is focused of transactions between the customer and the company, the purpose of CEM is to build rich and interactive relationship. The goal of CEM is to create emotional bond between the customer and the company and also increase customer loyalty. (Schmitt, 2003.) However usually from the company's perspective the usual goal is to increase profits (Ryder 2007). The superior customer experience always happens in the context of communication channel and customer segment. The desired experience varies from channel to channel and from person to. Also since people have different preferences the optimal experience is different for each person. (Frow & Payne, 2007.) This study describes different digital marketing channels and ways to segment customer effectively to achieve the optimal experience for most of the customer.

Managing customer relationships and customer experience has been studied quite extensively before. In recent years the scope in the research has moved more from customer relationship management (CRM) to customer experience management (CEM). Segmentation of the customers origins from the 1950s (Alderson, 1958) and it is one of the fundamental concepts of marketing. Also digital marketing and using technology in the marketing has been studied quite a lot in the past decades. However since in the digital world there are a lot of channels and information available about the customer it is impossible to handle all of this data manually. This is why there is a need for software which would help the companies to manage the customer experience automatically. However using technology and specially marketing automation as a tool to manage customer experience has not been studied. Since customer experience is seen one of the most important concepts of marketing in the coming years and companies are all the time looking a ways how to enhance their marketing with better use of software these two concepts make an interesting combination.

This topic is important to me personally since I am currently working with marketing automation systems that are designed for customer experience management. I am working daily with customers that are trying to enhance the digital experience they offer to their customers and I am trying to help to find the optimal solutions. I have also made a Bachelor thesis in the field of customer experience and marketing automation where I did review of the previous research. In the literature review of this study I have broadened my previous work. My research question is: How customer experience management can be done with marketing automation? And since in the context of customer experience the marketing channels and customer segments are essential my sub-questions are: What kind of channels can be used in the digital marketing and How customer can be segmented effectively?

The research is combination of literature review and a case study. In the literature review the previous research about customer experience, customer experience management and marketing automation are reviewed. I have also sought evidence how the customer experience could be managed with marketing automation. This is
complemented with a case study from a company that values customer experience highly and uses technology and marketing automation in their daily marketing activities. The case study was based on four extensive theme interviews and the artifacts the company has produced. Based on the literature review I have created a framework how customer experience and marketing automation link together. This framework is then used in the case study and mirrored against the case study company and their marketing activities.

This study is structured in a way that chapter 2 is about customer experience and customer experience management. Chapter 3 is about digital marketing and marketing channels that can be used. Chapter 4 is about customer segmentation and chapter 5 about using technology in marketing and marketing automation. Chapter 6 is summary of the research review and the framework which is built based on the review. In chapter 7 there is the empirical research and the case study and in chapter 8 analysis. After that findings, discussion and implications are presented. Finally there are conclusions.
2. Customer experience management

This chapter is devoted to customer experience management. First the concept of customer experience is presented and studied in multiple perspectives. Then the concept is expanded to customer experience management and to the characteristics of customer experience management in the digital world.

2.1 Customer experience

The classical economic theory regards the consumers as a logical thinkers whose purchasing decisions are based on rational problem solving which leads companies to try to differentiate with traditional elements such as price, product and quality. However simply these elements don't offer competitive advantage anymore and it becomes necessary to consider the aspects that refer to emotional and irrational side of the customer behavior as well. The whole experience comes from the set of interactions between a company and its customers and plays a fundamental role in determining the customers' preferences, which then influence the purchase decisions. (Gentile et al. 2007)

Historically researchers have focused more on measuring customer satisfaction and service quality and customer experience as a separate concept has started to become more common in the recent decades (Verhoef et al., 2009). Customer experience is a wide concept which is defined from new and complementary angles all the time. These definitions include that “customer experience originates from a set of interactions between a customer and a product, a company, or part of its organization, which provoke a reaction. This experience is strictly personal and implies the customer’s involvement at different levels (rational, emotional, sensorial, physical, and spiritual)” (Gentile, Spiller & Noci, 2007, p. 397). Another definition is that “customer experience is the internal and subjective response customers have to any direct or indirect contact with a company” (Meyer & Schwager, 2007, p. 118).

Multiple researchers consider the touch-points between the customer and the company as central for the customer experience (e.g. Bitner et al, 2000; Grewal, 2009; Clatworthy, 2012). When customer interacts with the business, product or service, every point of contact affects to the customer experience (Grewal et al., 2009). Every encounter is an opportunity for a firm to sell itself to reinforce its offerings and try to satisfy the needs of the customer but also an opportunity to disappoint the customer. Customers often develop impression of a firm during these encounters which makes them the critical moments of truth. (Bitner et al., 2000.)

Contacts or encounters with the company can be direct, which are usually purchase, use and service encounters, or indirect when company's products, services or brands are represented through word-of-mouth recommendations or criticisms, advertising, news reports and so forth (Meyer & Schwager, 2007). Customer experience is holistic in nature so it involves all different kind of responses such as cognitive, emotional, social and physical. Some of these elements, such as service interface, assortment and price, company can control but elements such as influence of others and purpose of shopping are outside of the company's control. Customer experience is a total experience which
Customer experience should be considered from multiple perspectives. One of these is the traditional information-processing and decision-oriented approach where customer is trying to accomplish a certain goal. This might include searching for information, evaluating options that are available and deciding if the product or service should be purchased. This is expanded with the experiential perspective where emotions, symbolic and non-utilitarian aspects of consumption are emphasized. Here the value is in the experience of consumption and not in the object of consumption. (Frow & Payne, 2007.)

Customer experience needs to be seen from both an information-processing approach that focuses on memory-based activities and on process that are more sub-conscious and private in nature. When creating customer experience both rational and emotional perspectives will need to be considered. A rational perspective might be the predominant emphasis in a business-to-business context, while an emotional experiential perspective may be emphasized in a business-to-consumer context such as leisure industry. (Frow & Payne, 2007.) Consumers are also trying to achieve some goal when using or purchasing product or service but the reasons differ from the ones in the business perspective. These reasons might include entertainment, recreation, social interaction or intellectual stimulation. The customer experience is reflected by the goals of the consumers so it is important to understand these goals. (Puccinelli et al., 2008.) Adopting an appropriate combination of all of these perspectives will be relevant to most of the organizations (Frow & Payne, 2007).

Important perspectives are also the channels where company is operating and the customer segments. As the most organizations today are operating in multiple channels the customer experience should be considered in the context of all the channels where company is active. The customer experience should be created as well within the channels as across the channels. Another important aspect is that since companies operate with a limited budgets the superior customer experience should be primarily created for the customers with the most profit potential customer segments. Service strategies and investment decisions should be based on this profit potential as the superior customer experience must be achieved with affordable cost. (Frow & Payne, 2007.) Segmentation is introduced more thoroughly in the chapter 4.

The most important elements from the literature are that customer experience should always be considered in the context of the channel and the customer segment. There is not a one perfect customer experience which suits all customers as it rather is unique for all of the customers. To create a superior overall customer experience all of these perspectives should be considered in the terms of whole interaction and over the lifecycle of the customer relationship (Frow & Payne, 2007). The company should also plan its actions in a way that they support the customer experience in every point of contact with the customer.

2.2 Customer experience management

As the superior customer experience creates competitive advantage (Berry et al., 2002; Verhoef, 2009), companies should be able to manage the experiences of the customers. A business strategy designed for this is called Customer Experience Management (CEM) (Grewal et al., 2009). This strategy engineers the customer's experience in such a way that it creates value and win-win situation both to the customer and the firm (Grewal et al., 2009; Verhoef et al., 2009).
Multiple studies show the benefits of actively managing the customer experiences. Verhoef et al. (2009) have concluded that as a business strategy customer experience management might provide superior competitive advantage. Berry et al. (2002) have argued that customer experience management can create competitive advantage that is for competitors difficult to match. Arussy et al. (2010) have found in their study that customers are ready to pay higher prices, provide product referrals, give companies more share of wallet and establish long term relationships, if customer experience is superior (Fatma 2014).

The focus of CEM is to build relationships with customers by focusing on experiences which customers have in the interactions with the firm. To gain and retain customers the emotions of the customers need to be managed effectively and this way move the customer relationship forward. (Fatma, 2014.) As customers' emotions drive and destroy value in organizations this managing of emotions is crucial. (Shaw, 2007). Customer emotions also contribute to relationship dissolution which are mostly based on intuition (Fatma 2014). In today's stiff competition merely having a satisfied customer is not enough but strong loyalty can only be achieved if firms aim for higher degree of customer satisfaction (Lilja & Wiklund 2006).

The interaction between the company and the customer occurs at various touch-points and by integrating elements of experiences at these touch-points the customer experience can actually be managed. This leads to brand preference and ultimately to sales. As customers value good experiences it is up to CEM to record, integrate and analyze these experiences. This serves as a useful too for marketing to generate satisfaction and loyalty. (Fatma, 2014.)

In the traditional customer relationship management (CRM) the transactions between the customer and the company are simply recorded. CEM goes beyond this as the purpose of CEM is to build rich relationship with the customers and strategically manage the customer experience across all the channels and touch-points. This experience that customer has with the company translates into positive or negative reactions and referrals although various methods of data mining and CRM and be used to help to track the customer transactions with the company. (Farma, 2014). This difference between CRM and CEM is explained more thoroughly in the chapter 6.3.

From the technical perspective the elements of CEM are enhancing key value drivers for positive experiences and a system to address negative experiences. With the recognition that customer interactions are also experiences it is possible to implement business processes that are designed to take cognizance of those touch-points and develop positive experiences. For minimizing the negative customer experiences CEM can capture feedback and identify business processes which need to be upgraded create better experience for the customer. (Buttle 2009.)

It is important to distinguish the experiences that actually matter to a customer from the transactions that are secondary to customer experience. These experiences are called “moment of truth”. Moments of truth are those few interactions where customers have unusual amount of emotional energy invested in the outcome. Although the value of experiences is important and increasing also the basic, rational issues like price and product should not be taken for granted while experiences are improved. (Fatma 2014.)
2.3 Characteristics of customer experience management in the digital world

Customer experience management applies to the digital world and digital channels in the same way as in the physical world. User friendliness, pleasurability, utility and usability all describe behaviors that need to be aligned with the brand in the digital solution. Choosing, designing and particularly the behavior of the touch-points are central when delivering the customer experience. (Clatworthy 2012.)

According to Rose et al. (2011) there are four main differences with online and offline customer experience. The first key difference is the degree of personal contact. In a face-to-face context personal contact can be very intensive as in online it might not exist at all. Secondly information is provided in the face-to-face world usually in a limited way and may occur in different formats (e.g. brochures, posters, customer sales representatives). In the online context there are possibilities for a very rich provision. The third difference comes from the shopping time. In face-to-face context the opening hours of the organization define and restrict the opening hours. Online customers can purchase in time and, with smart phones, place that best suits for themselves. Finally the physical world offers the brand to be experiences via a range of artifacts such as staff, buildings and vehicles. Online the brand can only be presented in the audio-visual way.

In the digital world there are a number of technical features companies can use to optimize the touch-points with the customer and enhance the experience. These solutions include e.g. site search, personalization, content management, e-commerce platforms etc. In the websites, mobiles site and tablet applications technology can help to personalize the experience of the customers and even create personal experiences. (Fatma 2014.) As the most organizations today are operating in multiple channels the customer experience should be considered in the context of all the channels where company is active and superior customer experience be created as well within the channels as across the channels. (Frow & Payne 2007). According to Neslin et al (2006) to increase multichannel customer management affectivity practitioners should address five challenges which include (a) data integration, (b) understanding consumer behavior, (c) channel evaluation, (d) allocating resources, and (e) coordination of channel strategies. Digital channels are introduced more thoroughly in the the chapter 4.
3. Digital marketing

In this chapter digital marketing and digital marketing channels are introduced. The internet and digital media have changed marketing and business fundamentally since the first website (http://info.cern.ch) went live 1991. There are over one billion people around the world regularly using the web to find products, entertainment and even love. The way companies market and consumer behavior has changed dramatically. (Chaffey & Ellis-Chadwick, 2012.)

The major traditional advertising media television, newspapers, magazines and radio are still popular, but market is changing as many consumers are spending more time on the Internet (about 25 percent annual growth) and using mobile devices. Newspaper readers and television viewers are migrating to the Internet steadily. (Turban et al., 2012.) Chaffey and Ellis-Chadwick (2012, p. 10) define digital marketing as “achieving marketing objectives through applying digital technologies”. Digital marketing includes a variety of different forms for company to build presence in the online world. Company's presence build around the website and social media company pages with online communications techniques such as search engine marketing, social media marketing, online advertising, e-mail marketing and partnership arrangements with other websites. (Chaffey & Ellis-Chadwick, 2012.)

3.1 Characteristics of digital marketing

The Internet has forced marketers to change the way they communicate and build relationships with their customers (Pride & Ferrel, 2006). Traditionally advertising has usually been impersonal, although in telemarketing and direct mail there has been some attempts to personalize ads to make them more effective. These approaches, although quite successful, were expensive and slow and rarely actually individually interactive. (Turban et al., 2012.) Besides acting as a interface the Internet offers a variety of possibilities for interactive communication. As the Internet allows a direct communication between individuals and software applications it is also a powerful communication agent. (Gurau, 2008.) For example in direct mail advertising marketer usually don't know very much about the recipients. With characteristics based segmentation (e.g. age, gender, income) targeting can be helped a bit, but it doesn't solve the problem. In interactive marketing marketers are able to interact directly with customers which has not been the case with traditional channels, even when done with phone. (Turban et al. 2012.)

In digital marketing marketers and customers are able to share information for example through company websites. Consumers can learn about firm's products, including features, specifications, and even prices. Customers can also ask questions, voice complain and otherwise communicate about their needs and desires through feedback mechanisms. (Pride & Ferrel, 2006.) This increases significantly transparency since information published online can be accessed and viewed by anybody, unless information is specifically protected. The information published also remains in the memory of the network until it is erased so the web can also used for storing information. (Gurau, 2008.)
Doing business over the Internet companies can better communicate with and customers and also understand their needs and buying habits. The data gathered from the customer can be used to build a customer profile which enables companies to enhance and personalize their future marketing efforts. Companies can target specific groups and individuals who they see most profitable and target their advertising budget on them and truly enable one-to-one advertising. (Turban et al., 2012.) In can be challenging for the companies to effectively integrate the digital marketing channels with traditional ones. Marketers should try to find innovations that are most relevant to their organization and seek them for advantage. (Chaffey & Ellis-Chadwick, 2012.).

### 3.2 Digital marketing channels

Besides the company website digital marketing methods offer a variety of channels that can be used to engage potential customers. From the literature (Chaffey & Ellis-Chadwick, 2012; Turban et al 2012) can be identified at least seven different marketing channels: search engine marketing (SEM), online public relations (E-PR), online partnerships including affiliate marketing, display advertising, email-marketing, text-message marketing and social media marketing including viral and electronic word-of-mouth marketing.

**Display advertising** is a method where paid ad placements using graphical or rich media are placed in a web page to achieve goals such as delivering brand awareness, familiarity, favorability and purchase intent. Ads can include interaction with the viewer by prompting the viewer to interact or rollover to play videos, complete an online form or to view more details by clicking through a site. (Chaffey & Ellis-Chadwick, 2012.)

**E-mail marketing** is a form of direct marketing where e-mail is used as a means of communicating commercial message to audience. Mailing lists have become a popular way to send information about company, products or services. Department stores, supermarkets and other major retailers use e-mail for coupons and special offers as well. (Turban et al., 2012.) Another channel quite similar with e-mail is to use mobile text marketing. Customers are reached with SMS (Short Message Service) text messages. SMS advertising shares features from telemarketing, e-mail marketing and mobile commerce and it can be quite effective as a branding vehicle and in stimulating response as it is suitable for time and place sensitive marketing. (Rettie, 2005.)

Another good platform for online advertisement are search engines since as most of the people use them to find information (Turban et al., 2012). Search engine marketing (SEM) means promoting through search engines by delivering relevant content in the search listing for searchers. Usually they are encouraged to click through to a destination site. (Chaffey & Ellis-Chadwick, 2012.) Since simply submitting the website for search engine is not enough, there are two main types on search engine marketing: search engine optimization (SEO) and keyword advertising (Chaffey & Ellis-Chadwick, 2012; Turban et al., 2012). Basic idea of search engine optimization (SEO) is trying to achieve the highest practical position or ranking in the natural or organic listings of search engine result page. Another way of search engine marketing is to display relevant ads with a link to a company page when the user types a specific phrase to search engine. (Chaffey & Ellis-Chadwick, 2012.)

**Public relations** (PR) is about reputation and discipline which looks after reputation. The aim is to earn understanding and support and influence opinion and behavior (Turban et al., 2012). In online world PR activity is usually associated with improving results from other communications techniques such as SEO (link-building), partnership marketing, social media marketing, blogs, feeds and widgets. (Chaffey & Ellis-Chadwick, 2012.) **Online partnerships** is a structured approach to managing links.
through a site. This can happen through link building, affiliate marketing and online sponsorship. (Chaffey & Ellis-Chadwick, 2012.) Social media marketing involves encouraging customer communications on social presences such as Facebook or Twitter, blogs, forums and also in the companies own site. (Chaffey and Ellis-Chadwick, 2012, p. 535.) Usually social media programs center to creating content that attracts readers and encourage them to share it on their social network. This way the original message spreads and resonates better since it is coming from a friend as opposed coming from the company itself.

3.3 Challenges in digital marketing

Although digital marketing has a variety of advantages it also raises challenges and concerns. Organization’s websites become more integrated with marketing and PR messages as they are sharing the same channel. This means that PR and marketing have to work together to ensure that the message of the company is always consistent. (Ashcroft & Hoey 2001.) The web is transparent in nature which makes online information available to different audiences. This increases the need for consistency in the planning, design, implementation and control of all marketing communications. Managing the corporate image and identity is an important challenge because of the multiplicity of information, sources, and interpretations available online. The voice of the company becomes just a one component in the communication activities and it can't be considered anymore as a dominant message. When communication among all these other sources, increasing and maintaining the credibility of your own voice can be challenging. (Gurau 2008.)

The customization on online marketing messages is also needed since the fragmentation of audiences and communication contexts. If reach is extended to foreign audiences even more customization is needed since the message needs to be considered in the cultural context of the audience. (Gurau 2008.) With each online audience the meaning of the message has to be negotiated. It has to express the same core organizational values to present a coherent organizational image but it also needs to be adapted to each public. (Grönroos 2004.) It is a paradox in the online communications that fragmentation of the audiences requires customization of the marketing messages but the transparency of the web requires consistency in the message (Gurau 2008). To deliver the right message to the customer in the internet they can't be treated as a single mass. That is why segmenting the customer base and creating relationships with the customers are crucial in the online world. These are talked in the next chapters.
4. Segmentation, big data and relationship marketing

As described in the chapter 2, companies should create the superior customer experience primary for the most potential and profitable customer segments (Frow & Payne, 2007). In this chapter the concept of segmentation is introduced. In recent years the scope in the academic study has moved from segmentation to segment of one and relationship marketing. This transition is also described in this chapter.

Traditional way of marketing in the past century has been mass marketing. This means producing, distributing and promoting the product in the same way to all consumers. The argument for mass marketing has been that it creates the largest potential market which will lead to lowering costs and furthermore lower prices or higher margins. However nowadays there are a number of factors which make mass marketing more difficult. Mass markets have fragmented into smaller segments and a wide range of distribution channels and advertising media has made this “one-size-fits-all” type of marketing more difficult to practice. (Kotler & Armstrong, 2004.)

It is difficult for companies to appeal to all the buyers, or at least the approach should differ to different kinds of customers. There are simply too many buyers, too widely scattered with different needs and buying practices. Also the companies themselves vary widely how they can serve different kinds of customer and segments. Thus, each company should recognize the parts of market it can serve best and most profitable instead of trying to compete in the entire market. The focus should be more on choosing the right customers and starting to build relationships with them. Nowadays most companies have moved from mass marketing towards segmentation and targeting. They are trying to identify market segments, select most profitable ones and develop products and marketing programs tailored to each. (Kotler & Armstrong, 2004.)

4.1 Origin and definition of segmentation

According to Alderson (1958) when matching supply with demand, marketing segmentation is one of the most fundamental marketing theory concepts. It is an important element of firm’s marketing strategy. (Hultén, 2007.) The basic assumption is that customers with similar needs and buying behavior can be grouped to receive a more homogenous response to marketing programs (Choffray & Lilien, 1980).

The theory of segmentation is originated to Smith (1956, p. 6) who stated:

"Market segmentation consists of viewing a heterogeneous market (one characterized by divergent demand) as a number of smaller homogeneous markets in response to differing product preferences among important market segments”.

In order to move away from mass marketing in consumer markets American manufacturers developed the concept of segmentation. It was originally related to economic theory where lack of homogeneity or close similarity of products is quite
evident when competition is imperfect. Within this framework market segmentation and product differentiation were seen consistent. (Hultén, 2007.)

McDonald (1995. p. 10) defines market segmentation as a "process of splitting customers into different groups, or segments, within which customers with similar characteristics have similar needs". According to Kotler and Armstrong (2004, p. 239) market segmentation is "dividing a market into distinct groups with distinct needs, characteristics, or behavior who might require separate products or marketing mixes".

4.2 The advantages of segmentation

The benefits associated with market segmentation are well documented in the academic literature and widely recognized by marketing practitioners. The basic assumption is that there are too many customer and their product needs and buying requirements are too varied to be satisfied with identical offering. (Dibb, 2001.) Since companies have limited resources segmentation is critical because they must focus on how to identify and serve it's customers in the best way. Customer segments are identified to achieve a certain degree of group homogeneity that helps to ensure that members of the group will respond to marketing efforts in a same way. This allows firms to apply marketing strategies to each segment more efficiently. (Cooil et al., 2008.)

There are several benefits in segment marketing compared to mass marketing. The company can modify the product or service and price to make it more appealing to target segment. Then company can select the best distribution and communication channels, get a clear picture of its competitors that are going after the same segment. (Kotler, 2003.) According to McBurnie and Clutterbuck (1998) segmentation is fundamental to successful marketing strategies. A company has a competitive edge even if they serve the segment with a standard product or service until competitors copy or segment company's segmentation. If the product or service is specific to the segment then competitive advantage is is multiplied. (McBurnie & Clutterbuck, 1988.)

McDonald (1995, p. 15-16) finds following advantages to segmentation:

1. The key to successful marketing is recognizing customers' differences, as it enables companies to closer match the needs of the customers with the company's product or service.

2. When appropriate a company can go far enough in the segmentation so that it can lead to a niche marketing where most or all of the needs of the customers can be met with company's product or service. This can then result domination within the segment which usually is not possible in the total market.

3. In the markets where competitive advantage is greatest and returns are high, segmentation can lead to a concentration of resources.

4. Segmentation can be used to gain competitive advantage by considering the market in different way than competitors.

5. A company can be market as a specialist in the chosen market segments if customers needs understood better which gives products or services advantage over competitors' products.

Market segmentation should not be regarded simply as a tool to identify separate segments for different marketing programs since it has bot strategic and tactical
(operational) uses. At a strategic level market segmentation can be used to identify profitable customers and to help decide where and how a company should be competing. According to Storbacka (1997) at a tactical or operational level segmentation gives companies a possibility to deepen the understanding of customers which can be used to enhance the relationship between the company and the customer.

4.3 Criteria for effective segmentation

There is some debate in the literature as to what criteria for effective segmentation. From the previous research (McDonald & Dunbar, 1995; Wedel & Kamakura, 2000; Dibb, 2001; Kotler & Armstrong, 2004; Kotler & Keller, 2012) at least seven factors can be identified for effective segmentation which segments must meet—identifiability, substantiality, accessibility, stability, responsiveness, practicality and actionability.

- **Identifiability.** Distinct groups can be identified by using defined segmentation bases by using variables which are easy to measure (Wedel & Kamakura, 2000). Kotler & Armstrong (2004) add that distinctive groups should be able to be measured by the size, purchasing power and profile. Segmentation should be based on a unique set of common characteristics in order to be served by an equally unique marketing strategy (McDonald & Dunbar, 1995).

- **Substantiality.** The defined segments should represent a large enough proportion of the market in order to make targeted marketing programs profitable (Wedel & Kamakura, 2000; Kotler & Armstrong, 2004). Optimal would be if the segment would be the largest possible homogenous group worth pursuing with a tailored marketing program (Kotler & Armstrong, 2004). To justify the time and effort involved in planning specifically for this opportunity each segment should have enough potential size and purchasing power (McDonald & Dunbar, 1995).

- **Accessibility.** The market segment should be accessible so it should be effectively reached and served through the chosen distribution and marketing channels (Wedel & Kamakura, 2000; Kotler & Armstrong, 2004). McDonald & Dunbar (1995) define that each segment should be capable of being described or measured by a set of descriptors in a way that customers in the that segment can be communicated with.

- **Stability.** Successful marketing strategy can only be based on the segments that are stable over time. The marketing is unlikely successful if the targeted segment changes its behavior or composition during the implementation. Segments should be stable long enough that at least the results from marketing efforts can be seen. (Wedel & Kamakura, 2000.)

- **Responsiveness.** Separate marketing strategies are only efficient if each segment is homogenous and responds uniquely to targeted marketing strategies (Wedel & Kamakura, 2000). Each identified segment should also have relevance to its purchase situation so that the base of segmentation is a decision-making factor or affects the process of buying behavior (McDonald & Dunbar, 1995).

- **Practicality.** If identifying segments serves as a guidance for identification of marketing programs then segments can be categorized as practical. The main focus in if the customers in the segment and marketing efforts to serve their needs are consistent with the goals and core competence of the company (Wedel & Kamakura, 2000.) The company must also be capable of making the
necessary changes to its structure, information and decision-making systems so that they become focused on the new segments (McDonald & Dunbar, 1995)

- Actionability. Segments are actionable if effective programs can be designed for attracting and serving the segments. For example companies resources can be too limited to serve all the identified segments. (Kotler & Armostrong, 2004.)

4.4 Ways to segment consumer markets

There is not a single right way to segment market and usually a marketer has to try different segmentation variables both alone and in combination. These variables can be geographic, demographic, psychographic or behavioral. (Kotler & Armstrong, 2004.) Also situational variables (e.g. purchase / use occasions), and customer preferences for products or specific product attribute levels can be used as a base for segmentation. Usually segmentation includes both a-priori and post-hoc methods. In a-priori segmentation segments are defined before the data is collected using customer characteristics or product-specific information. Post-hoc methods identify segments after the data is collected with empirical data analysis. The goals of the segmentation can vary from studying the groups themselves to developing a predictive model for a set of dependent variables (Cooil et al., 2008.) The segmentation method doesn't have to be one or the other, as there are also hybrid approaches that combine a-priori and post-hoc analyses (Green, 1977).

The most traditional way to segment customers is demographic segmentation. Customers are divided into groups based on characteristics such as age, gender, family, life cycle, income, occupation, religion, race, generation and nationality. Benefits of demographic variables are that they are easy to measure and usually needs, wants and usage rates vary closely with demographic variables. But sometimes people in the same demographic variables have very different psychographic makeups. Then psychographic segmentation can be used where categorization is done based on social class, lifestyle or personality. Another common option is to use geographic segmentation where the market is divided into different geographical units such as nations, states, countries, cities, or neighborhoods. A company may operate in one or a few selected areas. It is also possible to operate in all areas but choose geographical differences in needs and wants. Density of population and climate can be used as a base for segmentation as well. And finally behavioral segmentation can be used where dividing is done based on customers' knowledge, attitudes, uses or responses to a product. Many marketers believe that behavioral variables are the strongest starting point for building segments. (Kotler & Armstrong, 2004.)

Marketers rarely limit their segmentation analysis to only one or a few variables, but they are increasingly using multiple segmentation bases in an effort to identify smaller, better-defined target groups. It is common to start from a single base and then expand to other bases as well. (Kotler & Armstrong, 2004.)

4.5 The limitations of segmentation

Despite the acknowledged benefits and strong academic background behind segmentation there are still in the literature also reports about problems and limitations. First of all a segment is always a compromise, as not everyone even inside the segment want exactly the same thing (Kotler, 2003). By definition, a market segmentation approach may encourage a business to develop more than one marketing program. As
such, it may be relatively more expensive than a mass marketing strategy for a comparable market. (Dibb, 2001.)

Dibb (2001) has found many circumstances where implementation difficulties cause the failure of segmentation solution. There are a number of reasons for these difficulties. Maybe there aren't enough customers in the segment or the identified segments are too unstable. There might also be targeting problems since while demonstrating the similar product needs and buying behavior the demographic profiles of the customers may vary a lot (Dibb, 2001.) In some cases marketers may fail to consider that segments must be meaningful to the business but also to the customers. Some businesses may see segmentation as a convenient way of shaping their market and although this may provide operational benefits, from the marketing sense it may fail to deliver successful customer segments. The business might be easier to manage but the benefits of segmentation in the business and marketing sense are lost. (Dibb 1998.)

Sometimes problems arise when marketers forget the underlying objectives of segmentation and focus too much on doing the segmentation process by the book. Data collection and analysis becomes so important that they forget what they hoped to achieve. If making segmentation work because difficult, the grouping of the customers may start to override the reasons which were originally behind the segmentation. Also marketers might be too impatient as segmentation like any marketing activity needs to have a long enough time horizon. It might also be tempting to view segmentation more as a tactical trick and quick fix than a serious marketing tool. If the need for longer perspective is ignored, the result can be very inconsistent and confusing for the customers. (Dibb, 1998.) Nowadays there is a one more factor since increasing diversity of customer's lifestyle is generation more challenges and increasing market diversity. This diversity leads to market fragmentation which will make mass market and segment marketing less effective and efficient over time. (Sheth, 2000.)

4.6 From segmentation to relationship and one-to-one marketing

The development of the segmentation concept during the last decades entails a shift from market segmentation to customer segmentation (Hultén, 2007), one-to-one marketing and relationship marketing (Christopher et al. 2005, Turban et al., 2012). The segmentation concept has become two dimensional, where market segmentation at the business strategy level is one dimension and customer segmentation at the customer strategy level is another dimension. In customer segmentation the potential and current customers are categorized based on their marketing reactions. (Hultén, 2007.)

Doyle (1995) questions the effectiveness of market segmentation and argues that it has been proven to be vulnerable and from the relationship marketing perspective a too superficial tool. According to Hultén (2007) also Gordon (1998) stated that it is far more difficult than ever before to categorize buyers, particularly when using traditional segmentation criteria. The main reason is the increasing complexity of buyer behavior, which leads Gordon (1995) to claim that the speculative buyer behavior should not be used and only meaningful categorization is the actual events of the customers. Because of this complexity Hultén (2007) argues that marketers should try to identify individual customers in the customer base of a firm in existing and ongoing relationships and structure these relationships in a new and better ways. Kotler (2012) also points out that today customers are taking more initiative themselves in determining what and how to buy.

Christopher et al (2002) suggest three level approach to segmentation – macro segmentation, micro segmentation or one-to-one approach. Segmenting the customer
base and adopting the correct level of granularity is an important element in customer strategy. This also requires a deep understanding even smaller customer groups down to individual customers. (Christopher et al., 2002.) Although segmentation can focus on a group of customers, it may not be good enough because it is quite easy for competitors to apply the same strategy. Therefore the focus should be changed from group of consumers to each individual. It might be good strategy to try to sell as many products as possible to one customer over a period of time compared to selling a single product as many customers as possible (Turban et al., 2012.) There is a shift from short-term transactional marketing towards developing longer-lasting relationships ideally with lifetime customers to generate more profitable business and a greater share of wallet. (Chaffey & Smith, 2013.)

Christopher et al (2002) also argue that even though segmentation concept is still valid today we are seeing markets fragment into ever smaller and smaller segments, even segments of one. The improvements in data capture and management offer all the time greater opportunities for more refined segmentation formulas where even smaller segments can be defined (Christopher et al, 2002.) This capturing and analyzing huge amount of data is nowadays called Big Data. It is a broad term used for data sets so large or complex that special applications are needed to handle it. The term often refers simply to use predictive analysis or other methods to extract value from the data. This can lead to more confident decision making, greater operational efficiency, cost reductions and secured risk. (Wikipedia, 2015b.)

Even when using big data segment of one and one-to-one marketing does not mean creating a one-to-one approach with every single customer but understanding customers in terms of their economic importance. Then marketing campaigns and efforts can be adjusted to reflect the profitability of different customer groups, both existing and potential. (Christopher et al, 2002.) Technological achievements also enable better customer relationship management and marketers are using these capabilities to pursue customer-centric marketing to reach individual customers. (Dibb, 2001.) In electronic commerce one of the key elements is the ability to match products or services with individual consumers. As Web enables companies to better communicate with customers and understand customers' needs and buying habits, one-to-one relationships can be much more benefical around the Web. (Turban et al, 2012.)
5. Using technology and automation in digital marketing

This chapter introduces the using of technology in marketing and how technology and marketing automation can help handling customer segments, building relationship with the customer and managing the customer experience. First is introduced how relationship with the customer is built and managed, then expanded from relationship to managing the experiences of the customer and finally how marketing automation can help to manage the customer experience.

5.1 Introduction to Customer Relationship Management

Since on average existing customers are five to ten times more profitable than new customers, it makes sense to serve and nurture them to make them lifetime customers. The base for this is a good database which serves as a marketer’s memory bank and can be the most valuable asset in the company (Chaffey & Smith, 2013.) According to Chaffey & Ellis-Chadwick. (2012) this database called CRM (Customer Relationship Management) should contain three kinds of data: personal and profile data, transaction data and communication data. Personal and profile data include details and characteristics for profiling customers, such as age and sex (B2C), and business size, industry sector and individual's role in the buying decision (B2B). Transaction data is a record of each purchase transaction including specific product purchased, quantities, category, location, date and time and channel where purchased. Communications data is as record of which customers have targeted by campaigns and their response to them (outbound communications). It also includes a record of inbound enquiries and sales representative visits and reports (B2B).

This collected data can be used to segment or target customers more efficiently. This kind of integrated CRM system that adds value to customers’ experiences, brings them closer to the company, listens to them, collects data and serves their needs better than ever before can create competitive advantage for the company (Chaffey & Smith, 2013). This data is also the beginning of building the relationship with customer.

5.2 Building online relationships

With efficient use of CRM it is possible to treat each customer differently according to their characteristics. This way marketing can be shifted away from short-term transactional marketing towards developing longer-lasting relationships with people who ideally develop to lifetime customers. Besides customers relationships can also be built with elapsed and potential customers. (Chaffey & Smith, 2013.)

Pepper and Rogers (1999) have created a framework for using the internet to effective form and build relationships. It consists on four steps:

- **Customer Identification.** This stresses the need to identify each customer on their first web site visit and subsequent visits. Common methods for identification are the use of cookies or asking a customer to log on to a site.
• **Customer Differentiation.** This refers to building a profile to help segment customers into groups which share characteristics and can be evaluated according to their value to the company. Peppers and Rogers suggest Most Valuable Customers, Most Growable Customers and Below Zero Customers.

• **Customer Interaction.** These are interactions provided on-site such as customer service questions or creating a tailored product.

• **Customized Communications.** This refers to personalization or mass customization of content or emails according to the segmentation achieved at the acquisition stage.

To start building the relationship marketers need the permission from the customer to talk on regular basis. This is called permission marketing (Godin, 1999). Originally Godin (1999) talked about gaining permission via web sites, but today permission can also be acquired from new platforms such as social media platforms and mobile apps. However in some senses gaining permission through web site is still the most effective way since with social media platforms with a simple follow (e.g. Facebook, Twitter) you have little context or profile information compared to web sign-up. (Chaffey & Smith, 2013.) If permission marketing is integrated with the CRM it is possible to achieve dynamic and personalized communication with the customer since customer is recognized and remember by name and need, questions can be answered personally and often automatically, questions can be asked to build a better customer profile (particularly of ideal lifetime customers) and communications which are instantaneous, relevant and value adding can be delivered. In this way communications become more relevant, more personalized and often more interactive. (Chaffey & Smith, 2013.)

Chaffey and Smith (2013) call this electronic, integrated CRM as e-CRM. The exact definition they use for e-CRM is “using digital communications technologies to maximize sales to existing customers and encourage continued usage of online services through techniques including database, personalized web messages, customer services, email and social media marketing” (Chaffey & Smith, 2013). Using digital platforms for relationship marketing involves integrating the customer database with websites and messaging to make the relationship targeted and personalized. This enables companies to improve marketing with a variety of ways: targeting more cost-effectively, mass-customization of the marketing messages, increased depth and breadth of information and improve the nature of relationship, deeper customer understanding and more relevant communications, lower cost and delivering loyalty programs. (Chaffey & Ellis-Chadwick, 2012.)

For the companies keeping track of the relationship with customers offers a range of techniques which extend business opportunities particularly in online. These include re-sell where similar products can be sold to existing customers, cross-sell where additional products which may be closely related to the original purchase can be sold to the customer, up-sell where more expensive product or upgrade can be offered to the customer, reactivation where customers who have not purchased for some time, or have lapsed, can be encouraged to purchase again and referrals where sales can be generated from recommendations of existing customers. (Chaffey & Ellis-Chadwick, 2012.)

### 5.3 From CRM to CEM

In the last few years the focus in the academic literature is moving from customer relationship management to customer experience management. Managing customer experiences is an integral part of what CRM should be — a win-win value exchange.
between a company and its customers. Loyal customer relationships are built on what the customer perceives and feels about the product/service purchased and interactions with the organization. (Thompson, 2006.) Usually with CRM customer's actions are tracked after the fact – with CEM the immediate response of the customer to its encounters with the company can be captured. The difference is that CRM captures what a company knows about a particular customer – his or her history of service requests, product returns, and inquiries, among other things – whereas customer experience data capture customers’ subjective thoughts about a particular company. (Meyer & Schwager, 2007.)

CRM focuses on transactions, not on building relationships. Companies record in data fields only what is easy to measure and record, not less quantifiable information that could complete the picture of the customer. The problem with CRM is that it focuses on information that is important to the company and occasionally helps to shape customer behavior through what is called operant conditioning (the consequences of customers' spending patterns), but it rarely establishes an emotional bond with the customer. Other needs besides functional ones are neglected. Customer feedback is usually not included. (Schmitt, 2003.) Those soft responses are what set Customer Experience Management (CEM) apart from most other business strategies. They can’t easily be quantified by numbers and technology. It’s also what some would say differentiates CEM from CRM, Customer Relationship Management. When it comes to defining CEM, you can view it as an extension of CRM as a strategy, paying particular attention to the customer’s emotion and considering the product itself as an experience. (Thompson, 2006.)

Meyer & Schwager (2007) have defined five different areas how CRM and CEM differ. These are subject matter, timing, monitoring, audience and purpose. The differences are explained more detail in the table below.

Table 1. The differences with CRM and CEM (Meyer & Schwager, 2007, p.120)

<table>
<thead>
<tr>
<th>Customer Experience Management (CEM)</th>
<th>Customer Relationship Management (CRM)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>What</strong> captures and distributes what</td>
<td><strong>What</strong> captures and distributes what</td>
</tr>
<tr>
<td>a customer thinks about a company</td>
<td>a company knows about a customer</td>
</tr>
<tr>
<td><strong>When</strong> at points of customer</td>
<td><strong>When</strong> after there is a record of a</td>
</tr>
<tr>
<td>interaction: “touch points”</td>
<td>customer interaction</td>
</tr>
<tr>
<td><strong>How Monitored</strong> surveys, targeted</td>
<td><strong>How Monitored</strong> point-of-sales data,</td>
</tr>
<tr>
<td>studies, observational studies,</td>
<td>market research, Web site click-</td>
</tr>
<tr>
<td>“voice of customer” research</td>
<td>through; automated tracking of sales</td>
</tr>
<tr>
<td><strong>Who Uses the Information</strong></td>
<td><strong>Who Uses the Information</strong></td>
</tr>
<tr>
<td>business or functional leaders, in</td>
<td>customer-facing groups such as sales,</td>
</tr>
<tr>
<td>order to create fulfillable</td>
<td>marketing, field service, and</td>
</tr>
<tr>
<td>expectations and better</td>
<td>customer service in order to drive</td>
</tr>
<tr>
<td>experiences with products and</td>
<td>more efficient and effective execution</td>
</tr>
<tr>
<td>services</td>
<td></td>
</tr>
<tr>
<td><strong>Relevance to Future Performance</strong></td>
<td>Relevance to Future Performance</td>
</tr>
<tr>
<td>leading: Locates places to add</td>
<td>leading: Drives cross selling by</td>
</tr>
<tr>
<td>offerings in the gaps between</td>
<td>bundling products in demand with</td>
</tr>
<tr>
<td>expectations and experience</td>
<td>ones that aren’t</td>
</tr>
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Technology can fundamentally change customer experience for the better, because it reinvents what happens at customer touch-points. The business consumers want to be identified for their appropriate requirements (e.g. supply of goods and services that they already purchase), so that they can save time. Many consumers fall into a similar camp. But in exchange for being identified (e.g. providing information about themselves or having it collected), customers/consumers want to be treated as “special”. This means free products, better service, useful information etc. They also do not want to be bothered by endless phone calls or e-mails to sell them more stuff. (Buttle, 2009.)
In the online world technology plays essential role in the customer experience management since there is a lot of information available and every interaction can't be handled manually. But CRM databases are usually not integrated with brand-focused customer initiatives such as advertising, promotions, or special events. Despite its attractive title, then, customer relationship management does not manage relationship with the customers. (Schmitt 2003.) According Chaffer & Ellis-Chadwick (2013) the secret is to put the time into defining rules and testing automated follow-up content which match the context.

5.4 Marketing automation

With automation the efficiency of the digital marketing can be improved. Modeling and optimization can be taken to another level where human intervention plays minimal role. In the industrial processes automated control has been used for many years but nowadays digital technologies enable same principles in the marketing communications and relationship management. (Chaffey & Ellis-Chadwick, 2013.)

In the academic literature there is no common definition for marketing automation as it usually defined from some perspective. Buttle (2009) defines marketing automation as “the application of computerized technologies to support marketers and marketing management in the achievement of their work related objectives”. Biegel (2009) describes marketing automation as a “methodology by which process design and technology may be harmonized to enhance both efficiency and effectiveness of marketing execution”. According to Wikipedia (2015a) marketing automation “refers to software platforms and technologies designed for marketing departments and organizations to more effectively market on multiple channels online (such as email, social media, websites, etc.) and automate repetitive tasks”. So the marketing automation should not be seen just as a single tool itself but it is a collection of tools and internal processes of the company.

Marketing automation can be seen as responsible for managing and supporting for all customer related marketing activities. Central aspect is campaign management in a way that customer can be reached with adequate content, in a right time and through the right channels. This ensures a continuous interaction with the customers. (Torggler, 2008.) As Frow & Payne (2007) have stated customer experience needs to be considered in the context of specific customer segments' expectations. Complexity and fragmentation of markets is already talked in the previous chapters and it has been argued (e.g. Sheth, 2000; Hulten, 2007; Gurau, 2008) that segmentation is not enough but it's actually it's the individual customers that should be considered.

This changing customer behavior makes marketing effectiveness optimization increasingly challenging, as consumers digest and react to media in various and unpredictable ways. With media mix optimization, product lifecycle compression, privacy rules and regulations this complexity is even increased. But customers can be effectively targeted with marketing automation systems where names, postal, e-mail address, demographic, psychographic and transactional information can be used to combine and optimize data. The ultimate goal is to improve sales conversion by targeting the right prospect with the right content. (Biegel, 2009.) The huge amount of customer data that is now available to marketers can be enabled with marketing automation software. This together with optimizing workflow processes can have huge impact on making marketing more efficient. (Keens & Barker, 2009.)

Marketing automation offers benefits for marketer in marketing efficiency, effectiveness and productivity. Fewer resources and increased accountability has made the
environment for marketers more restrictive. While maintaining the overall spend marketers have to increase revenue, profit and market share which is why they have to focus on optimizing their return on marketing investment (ROMI). (Biegel, 2009.) Marketing automation gives marketers a possibility to replicate marketing processes which deliver greater control over costs compared to manual systems and ad hoc processes. In the same time with marketing automation companies can run dozens, even thousands campaigns and events through multiple channels simultaneously. This increases productivity significantly. Marketing automation also gives companies chance to learn continuously from their marketing activities. Marketing campaigns can be measured so that the next campaign can be modified according the results from the previous campaigns. This closed-loop marketing (CLM) is based on plan-do-measure-learn cycle which ensures that companies not only learn but also achieve higher levels of marketing effectiveness. (Buttle, 2009). This enables continuous marketing process improvement (Biegel, 2009).

Buttle (2009) has identified 24 different functionalities that marketing automation software offers. These functionalities can be categorized to marketing functions, internal processes and analytics. Marketing functions include campaign management, customer segmentation, direct mail campaign management, email campaign management, event-based marketing, internet marketing, keyword marketing, lead generation, loyalty management, market segmentation, search engine optimization, telemarketing and trigger marketing. Internal processes include asset management, document management, enterprise marketing management, marketing performance management, marketing resource management, partner marketing, product lifecycle management and workflow engineering. Analytics consists of marketing analytics, marketing optimization and web analytics. Buttle (2009.)

As this study merely focuses on the interaction between the customer and company in the digital channels from this perspective the most essential functionality is the marketing functions excluding direct mail campaign marketing and telephone marketing. With Campaign management the processes involved in planning, implementing, measuring and learning from communication programs can be automated. These programs are usually targeted at prospects or customers but can also be used to raise awareness, influence emotions or motivate behaviors such as buying a product or visiting a website. (Buttle, 2009.) Customer and Market segmentation have been introduced throughly in the chapter 4. From the technology point of view there should be functionality which makes it possible for the user to partition the customers and markets into homogenous groups so that each subset can be addressed as a unique marketing opportunity. E-mail campaign management is a part of campaign management where the email is used as a communication medium. A professional email marketing is always permission based and shouldn't be confused with spam that is unsolicited bulk email. Usually open and click-through rates are the most common metrics used in the email marketing. (Buttle, 2009.)

In Event-based marketing and Trigger marketing something in the customer's behavior or contextual conditions initiates the campaign. In customer's behavior the trigger is usually something that customer does for example buys a certain product or visit a certain website. It can also be something that customer hasn't done for example he has not purchased anything so it's time to reactivate them with targeted campaign. Contextual conditions such as birthday or change of address also provide an opportunity for marketer to run context-specific campaigns. The triggered campaigns should have some marketing goal such as make a sale, identify new opportunities for cross- and up-sell or enhance the word-of-mouth. Internet marketing is also an functionality in marketing automation. This includes a wide range of online activities such as develop and manage online content, create a pleasing online customer experience, obtain search
engine listings, perform search engines optimization and customize web pages. Also running advertisements in Google Adwords and in partner networks is included in here.

Keyword marketing and Search engine optimization focus on search engines. In keyword marketing the practice is to generate traffic from users who have entered a certain keyword in the search engine. In search engine optimization the goal is to appear as early as possible in the results listing for a certain keyword. In keyword marketing there is usually purchased advertising space, typically banners or text links on the search results page. (Buttle, 2009.) Lead generation is considered an important objective for marketers. This applies especially to business-to-business context where salespeople need high-quality leads to grow the customer base. Loyalty management is a way to handle loyalty or frequency programs. The basic idea is simple – the more customer purchases, more benefits they get. Typical examples are that after buying a 5 cups of coffee you get the next one free. (Buttle, 2009).

The goal of marketing automation is to target the right customer with the right content. Optimization of customer data – e.g. name, contact information, transactional data – can be used to effective target customers with the right message. (Biegel, 2009.) Marketing automation allows marketers to respond instantly to identified opportunities in real-time even outside the marketing plan. This use of marketing intelligence provides valuable management insights to markets, customers and campaigns and leads to enhanced efficiency. This same use of data enables customers to receive personalized, relevant messages and offers at appropriate times. This significantly improves the customer experience (Buttle, 2009.)
6. Customer experience management with marketing automation

This chapter combines customer experience management, digital channels and marketing automation. The purpose of this study is to find out how customer experience can be managed in digital channels with marketing automation so the customer experience is handled in the context of digital channels and managing the customer experience with marketing automation. In the end of this chapter is introduced a graphical theoretical framework for managing customer experience with marketing automation.

In the previous research of customer experience it became clear that customer experience should be considered in the context of channels used in the communication and the different customer segments (Frow & Payne, 2007). That is why sub-questions were chosen to be: what kind of channels can be used in the digital marketing and how customer can be segmented.

Most important finding in the previous research of customer experience was that it is commonly acknowledged that the crucial element of customer experience is when customer interacts with the company (e.g. Bitner et al, 2000; Grewal, 2009; Clatworthy, 2012). These transactions between the customer and the company are called touchpoints. When customer interacts with the business, product or service, every point of contact affects to the customer experience (Grewal et al., 2009). Another important finding was that customer experience should be considered in all of the channels where company operating and also across the channels. Also customer experience should be considered in the context of different customer segments since optimal customer experience may differ for different customer segments. (Frow & Payne, 2007.)

When these experiences of the customers are actively managed it is called a business strategy Customer Experience Management (CEM). Multiple studies show the benefits of actively managing the customer experiences as it might provide competitive advantage (Berry et al., 2002; Verhoef et al., 2009; Arussy et al., 2010). The purpose of CEM is to build rich relationship with the customers and strategically manage the customer experience across all the channels and touch-points (Fatma, 2014).

In digital marketing the primary channels used are also digital. Nowadays there are quite a many of these digital channels from website, e-mail and search engine marketing to social media and viral marketing. (Chaffey & Ellis-Chadwick, 2012; Turban et al., 2012) The touch-points consist of transactions between the customer and the company in these digital channels. In the digital world there is a possibility to gather a huge amount of data from the customers if each transaction (e.g. website visits, e-mail clicks, purchases, etc.) is stored. Nowadays this huge amount of information about the customers is called Big Data. This is a one benefit of using marketing automations since all of the transactions can be stored automatically and can also be used as a base for future marketing campaigns (Biegel, 2009; Buttle 2009).

The data gathered from the customers can be used as a basis for customer segmentation. The traditional way to segment customers has been using the characteristics of the customer or the product (Kotler & Armstrong, 2004), but the focus on research has
moved on to post-hoc methods where segments are identified empirically through data analysis (Cooil, 2008). This is where marketing automation can help a great deal since besides the gathering of data features these segmentation features should also be a part of the marketing automation solution (Buttle, 2009). When moving from segments to even further in one-to-one and relationship marketing the use of data becomes even more important. Because of this huge amount of data and complexity of buyer behavior it is argued that marketers should focus on identifying individual customers and building relationships with them (Hultén, 2007). This is another aspect where marketing automation can help to manage the customer experience. Since individual customers can be recognized and respond and messages tailored to each customers (Buttle, 2009) it can significantly enhance the customer experience.

Overall based on the literature review it becomes evident that customer experience management can be done with marketing automation. The storing of customer data, segmenting of it, identifying individual customers and making communications more personal and relevant will all help to create a better experience for the customer. The features available in marketing automation software can help the practitioners to make their marketing more efficient and effective.

6.1 Theoretical framework

As a conclusion for the literature review theoretical framework is formed. This framework combines customer experience management, digital marketing channels and marketing automation. The empirical part of the study is based on the theoretical framework and it is supposed to help to find the answers for the research questions.

Left in the figure is the customer. Customer interacts with the company through multiple channels which are in the middle in the figure. These channels vary between the companies but can include for example websites, emails, banners and social media. Digital channels are introduced more thoroughly in the chapter 2. The actual user experience happens in the touch-points between the customer and the company. There is a huge variety of touch-points since customer can interact with the company in numerous ways, e.g. browse a website, receive a newsletter, click a banner, purchase a product. The visible part for the customer is the user interface of the channel and touch-point and everything else happens hidden for the customer.

When customer interacts with the marketing channel it informs the marketing automation software about this event. The channel sends the information about the customer and the touch-point to the marketing automation software which automatically generates the optimal response for the customer. There are two core functions in the marketing automation software: keeping a central database of the customer information and rules for segmentation to generate optimal response. When marketing automation software receives the customer information and the touch-point, it uses the existing data of the current customer and similar other customers to generate optimal response.

This response can modify the user interface – the marketing channel – that customer is using to generate the optimal response for the customer. Also it can generate a direct response to the customer. There are numerous ways for practical solutions but a simple example could be that if a customer purchases a certain product in a web shop he receives additional information about other products that other customers have bought together with this product. This information can be presented immediately after the purchase in the web shop or after a couple of days for example in a graphical newsletter. These actions are again stored in the customer information database can be used in the future to generate more relevant response for the customer.
It is up to marketers to define these rules which apply in each of the touch-points. Rules can be simple or complex and they can be based on the data of the current customer or the data that other customers have provided. The process is similar to customer segmentation but instead of doing segmentation based on the customers in general it is done according to the touch-point. The process can be quite time consuming so for the practitioners it is best to start from the simple and most important touch-points (welcome, purchase, upsell, cross-sell and after sales) and then expand to less important ones and target the response even more.

![Diagram](image)

**Figure 1** Customer experience management in digital marketing channels with marketing automation
7. Research methods and case description

This chapter is about empirical research and analysis. At first the research methods are presented and the case company is introduced. After that is the analysis of empirical research material and finally the findings of the study.

The research was carried out as a qualitative research and a case study. In the most simplified form qualitative material is text. This text can be interviews and observations, personal journals, biographies and letters, and other written or graphical material produced for other purposes. In a qualitative research the research plan is updated during the research. This open research plan highlights the interlacing of different phases in the research. The focus of the qualitative study is often limited to a small number of instances which are analyzed as thoroughly as possible. The scientific criterion is not the quantity but the quality of the material. (Eskola & Suoranta, 1998.)

As the main purpose of this study is to understand how Fintoto is managing customer experience with marketing automation, case study was selected as a research method. According to Yin (1994) case study is a relevant research strategy when research question is a form of how or why, when the investigator has little control over events, and when the focus is on a contemporary phenomenon within some real-life context.

In a case study a one or at most a few selected cases are studied. It is an empirical inquiry that investigates a contemporary phenomenon within real-life context, especially when the boundaries between phenomenon and context are not clearly evident. Moreover the case study inquiry benefits from the prior development of theoretical proportions to guide data collection and analysis, relies on multiple sources of evidence where data needs to be converged and copes with technically distinctive situations. Case study is more a comprehensive research strategy than data collection tactic or design feature. The most important application of the case study is to explain the causal links in real-life interventions that are too complex for the survey or experimental strategies. Another application is to describe an intervention and the real-life context in which it occurred. Also case studies can illustrate certain topics within an evaluation or case study strategy may be used to explore those situations in which the intervention being evaluated has no clear, single set of outcomes. And last the case study can be a meta-evaluation, a study of an evaluation study. (Yin, 1994).

A common concern about case studies is that they provide little basis for scientific generalization. According to Yin (1994) case studies are generalizable to theoretical propositions and not to populations or universes. In this sense, the case study does not represent a sample, and in doing a case study, goal is to expand and generalize theories (analytic generalization) and not to enumerate frequencies (statistical generalization). (Yin, 1994.) As this is a case study the purpose of this study is not to find exact or general answers to research questions. Instead the purpose of this study is to increase understanding about customer experience management, digital channels and marketing automation, how they link together and based on the theoretical framework how they appear in the case company. Four interviews and written documentation about the company give a solid base for the research. Concentrating on a one company and creating a case study around it the empirical research can be tested against the theoretical framework with a particular diligence.
7.1 Introduction of the case company

Fintoto Oy is a limited liability company which is fully owned by Suomen Hippos Ry (The Finnish Trotting and Breeding Association) and is the only company authorized by the Lotteries Act to conduct horse betting activities in Finland. The essence of Fintoto Oy is to offer Toto games to its customers which mainly include trotting races, but also sometimes derby and riding competitions. Trotting races are currently the second most followed sport in Finland with 730 000 spectators yearly. Fintoto has developed interesting games in such a way that potential disadvantages of gaming could be avoided. The reliability, customer information security and constant supervision of Toto gaming are utmost important to Fintoto. In Finland gaming activities are supervised by the National Police Board which works under the Ministry of the Interior. Toto games can be played at the trotting tracks at 1200 betting points, online at www.toto.fi and via mobile devices at m.toto.fi. (Fintoto Oy, 2015a.)

Fintoto was selected as a case company because customer experience is essential for them and they have started to develop systematical customer experience management. They have defined that the customer experience is the measure for the real value of customer promise. When the experience is good the customer relationship continues and when it is deceived the relationship ends (Fintoto Oy, 2014a).

Digital channels are very important to Fintoto and about 55 percent of betting happens in digital channels. They are developing their services to be channel independent. The base of their horse betting actions are reliability, availability and multichannel services. They have also done systematic customer segmentation and built customer paths and management models for different customers. As Fintoto has a monopoly for horse betting in Finland they can tell about their marketing activities openly which was crucial for the research. (Fintoto Oy, 2014a.)

7.2 Data gathering

According to Yin (1994) there are six sources of evidence in a case study: documentation, archival records, interviews, direct observations, participant observations and physical artifacts. The main method for collecting research material were interviews. They were organized as theme interviews where themes and topics were defined before the interview but the questions are not strictly formatted or organized (Eskola & Suoranta, 1998, p.87).

The interviews were divided in four themes based on the literature review and especially on the theoretical framework introduced in the chapter 6.1. The purpose of the interviews was to gather material for all of the themes introduced in the theoretical framework. These themes were customer experience and customer experience management, customer segmentation, digital marketing channels and use of technology and automation in marketing. Each of these themes was covered with multiple questions to interviewees. The purpose was to approach each theme from different angles and let the interviewee tell freely about how the things are or how they feel about them. The questions were highlighted to the key factors that were found most important based on the literature review. The question were open-ended nature which proved to be an efficient method for gathering information. Open-ended questions gave the interviewees more freedom to tell about the subject and also offered the interviewer a chance to present more precise and complementary question. Interviewer was able to steer the conversation to the right direction without controlling the event and interviewees were able to speak freely but the focus remained in the topic. The body of the interviews can be found as an Appendix A. During the interview complementary questions were also
asked to get as extensive material as possible. The body of the interview was sent to the interviewees beforehand so that they would have a chance to prepare for the interview. There were total of four interviews that were conducted in the spring and summer 2015. Interviews were corroborated with documents and observations which Yin (1994, p. 85) has found as a reasonable approach.

Interviewee A is responsible for organizing the marketing of the company in the digital world. She has the best knowledge of their situation, tools that they are using and how they have organized everything related to customer experience and marketing in the digital channels. Interviewee B has been the main person designing and planning their customer experience management program and customer segmentation. He has the best knowledge of the background and history of the current tools and systems that they are using. He was responsible for the digital marketing for the Fintoto before interviewee A. In case studies there is always a possibility that subjectivity of the interviewees comes across too much in the study. Yin (1994) sees that to ensure the validity and reliability of the study there should be multiple sources for evidence. To broaden the expertise about customer experience management, digital marketing and marketing automation there were also two interviewees outside of Fintoto from a company that is expert in these issues. Interviewees C and D work in a company that makes tools for digital marketing. The company has worked with Fintoto but also have hundreds of other clients that use their toolset. Their role in the study is to broaden the knowledge and also widen the perspective to increase the objectivity. Interviewee C works as a marketing manager in the company. She has over ten years of experience of digital marketing from various positions. For the last year she has been writing about marketing automation and customer experience. Interviewee D is the CEO of the company. He has over fifteen years of experience in digital marketing and developing tools for digital marketing. The role of the latter two interviewees was to give deeper knowledge about implementation of marketing automation and customer experience management.

With three of the interviewees the interviews were recorded and they lasted from 30 to 90 minutes. With on the interviewees the questions were delivered her in writing and she delivered written answers. The recorded interviews were then transcribed from word to word. The interviews were backed up with artifacts and written documentation from Fintoto which gave deeper knowledge from their processes and guidelines. This gave good backup for the interviews since the thoughts and opinions of interviewees could be compared to the written documentation.

7.3 Analysis of the material

The purpose of the analysis is to present the gathered material explicitly and consistently in a way that the researched topics are addressed equally. The goal of the analysis is to produce new information and to increase understanding about the researched topic. The analysis is supported with direct references from the interviews and also information gathered from written documents. This complete empirical data is compared to theoretical framework to see whether they coincide.

The base for the analysis were the transcribed interviews and written documentation from Fintoto. The analysis of the interviews started with categorizing each sections of the interviews with the themes from the literature review and theoretical framework. These themes were customer experience and customer experience management, customer segmentation, digital marketing channels and use of technology and automation in marketing. The transcribed interviews were first color coded so that each of the theme had it's own color and then information about the same theme from different interviews were combined. This compilations of the each theme was again
analyzed and categorized around the themes that interviewees had brought up. This built the results for each theme and with applicable components they were supplemented with written documentation. The received answers and their compilations were then mirrored against the theoretical framework.

Yin (1994) emphasizes the need for the validity and reliability of the case study. To ensure this all the of interviewees were asked the same questions which were then backed up with the written documentation when ever it was possible. Yin (1994) sees this using multiple sources for evidence as a way to ensure validity and reliability of the study. Since I have myself been working with Fintoto a actively with a couple of years I am quite familiar with their systems and practices. I have tried to analyze everything as objectively as possible and base all the evidence in the data collected in they study.
8. Analysis

In this the empirically collected material is tested against the created theoretical framework. Analysis is divided in different sections in accordance with the reference framework.

8.1 Customer experience

The interviewees were asked to determine the customer experience and how they understand it with their own words. All of the interviewees described from their perspective that it is the feeling that the customer gets from the interaction with the company. Interviewee C saw the customer experience as the umbrella for all the value that the company is producing whether is physical, psychological or emotional. Interviewee D who has focused in the customer experience in her own work mentioned also the contact points between the customer and company which creates and overall experience for the customer. Interviewees also linked customer experience strongly with the customer promise – the customer experience is the reflection how well the company can fulfill it's customer promise. Customer has a some sort of expectation of the company based on it's marketing and brand but also the personal preferences, psychology and culture of the company. How the company can deliver this promise defines if the customer experience is positive. The customer promise is distributed across channels and a failure in a certain channel or even at a certain touchpoint can turn the positive customer experience into a negative one.

"Usually it is enough if the customer's expectations are met, but in businesses with a lot of competition the customer experience can create a competitive advantage. In more experience based industries such as events the customer experience defines the success." (Interviewee D.)

Customer experience is crucial for Fintoto. They have defined that the customer experience is the measure for the real value of customer promise. When the experience is good the customer relationship continues and when it is deceived the relationship ends. This correlation with customer promise and customer experience is presented in the figure 2. (Fintoto Oy, 2014a.) Interviewee A and B described in detail their environment and the channels that they are operating. Previously Fintoto had a really channel focused approach where each channel was handled separately, but nowadays they have moved focus from different channels to the customer. This has also been challenging since all of the channels are not within their total control. In the digital channels they can control the customer experience a lot more than in the races, restaurants and kiosks where a large amount of betting is also happening. The customer experience has been different in different channels but their goal is to unify it across the channels and move focus from channels and brand to the customer. The biggest challenge is combining the customer experience in the physical world with the customer experience in the digital world.

"The customer experience will define, or it is at least crucial factor of the customers loyalty and whether customers will keep on betting. This is challenging for us since we don't control totally all the channels. In the
digital channels is it easier, although in there we have old technology as well, but in the physical channels it is harder to implement.” (Interviewee A.)

Interviewee B described that when they started to put more focus on customer experience they identified two critical touch-points for customer experience: when customer starts horse betting and when a customer decides to quit. If at the beginning customer is unable to learn how Fintoto's system and horse betting in general works they will not become regular customer. At the same time all of the marketing efforts used to acquire this customer are lost. Also it is unlikely that after disappointing experience the customer will come back. Another crucial point is when customer stops to play. They might have gone to use competitors services or they have stopped to play altogether. At this point it is crucial to find out what was the reason that previously active customer has now become passive so that customer experience can be improved in this particular channel or touch-points.

![Customer promise and customer experience](Image)  
**Figure 2** Customer promise and customer experience (Fintoto Oy, 2014a, p. 13).

### 8.2 Digital marketing channels

All of the interviewees placed the company's own website as the most important digital marketing channel. Nowadays websites of the companies can vary a quite a lot from simply presenting the information of the company to web shops with thousands of products and complex functionalities. Interviewee A described in detail the way Fintoto uses the websites. Most of the betting activities is done through their website fintoto.fi which as well serves a marketing channel itself. It serves as a them main platform and then a variety of others channels are used to drive customers there. For mobile devices Fintoto has a mobile optimized channel m.toto.fi where all the mobile betting activities are done. The main website fintoto.fi is poorly mobile optimized and that's why there is a separate channel for mobile users. Besides these there are a couple of different separate marketing websites which gives a chance to get to know the sport from different angles. In the marketing literature these are called landing pages.

One of the interviewees pointed out the importance of website stating that it is the core the company in the digital world.
"The website should be built in a way that it is the core of the company and all of the information is in there. The same service is used by the customers, the employees and others so that they all can access the same information at the same time. Also the same information should be accessible with all the devices from mobile phones to tablets and desktop computers." (Interviewee C.)

As in Fintoto's case the main website fintoto.fi is the core of their online business the purpose of the other channels is to drive traffic there. The interviewee A who is responsible for managing their digital marketing described in detail different channels they are using and how they use them. In search engines, primary Google, they are get both earned and paid traffic. Search engine optimization is quite passive but the traffic generated from there is quite important. Also the advertising in the search engines is used to some extent excluding display advertising. Important role plays also the partners that Fintoto has built alliances with. These include major media operators in Finland who manage newspapers, online portals, TV and radio channels, but also individual persons and betting tips agencies. This is kind of an affiliate marketing where the affiliates get a percentage of revenue that they generate to Fintoto. With larger media companies the cooperation is deeper including also content creation with a long term fixed contracts.

"Our own organization is so small that we have to have active partnerships. We collaborate with race tracks, media companies, betting agents and also with individual people who have influence and for example social media followers." (Interviewee A.)

Besides the websites the next most important channels that came up in the interviews were social media and email marketing in different forms. In social media Facebook and Twitter are the most active channels. In Facebook Fintoto has a own Toto-pelit page with more than 4500 persons liking the page. In appropriate occasions they also run advertising campaigns on Facebook. In Twitter they have approximately 1400 followers. According to Interviewee A the scene is very active in Twitter and it is an important channel for them. Twitter feed is a active part of their Toto TV webcasts where the horse races are broadcasted. The social media channels are mainly used for marketing purposes and customer service is at least nowadays handled in different channels. In social media the active gamblers also have their own groups and channels.

Email marketing was mentioned with all of the interviewees as an important marketing channel. Interviewee A described their email marketing strategy and how they use email today. Base of the email marketing is the weekly newsletter they send to all their active customers and also people who are subscribed the newsletter themselves. The content of the weekly newsletter includes latest news in the horse racing and upcoming events of the week. They also make targeted email campaigns about special events and triggered emails are also used based on the actions of the customers. Customers can also subscribe for these Jackpot reminders so that they receive them as SMS messages. They also use digital press releases to reporters and media when they have for example a huge prizes in the day's races.
Figure 3  Newsletter of Fintoto 12.8.2015 (Fintoto Oy, 2015b).
"At the moment we send a general weekly newsletter out to everyone. It is in our hopes to make it more targeted but that would require more resources. We have made a targeted campaigns as a test but at the moment it's not possible to make content for more than one weekly newsletter. “ (Interviewee A.)

For attracting new customer Fintoto uses banner advertising quite a lot. The banners are used both on their own website and in the partners' websites. Interviewee B explained that the banners are divided between the persons who already are customers and who yet aren't. Also in their own website they are able to target even more and reach out to customers directly based on their segmentation criteria.

The center of the Fintoto's digital marketing is their website fintoto.fi and the mobile version m.toto.fi. Other channels – email, social media, partnerships, press releases and display advertising – are used to drive more traffic to their main websites. Interviewee A explained that in some sense the digital channels are also extended to offline gaming since although the betting event happens in a race track the customers can access all the information that is available in the online channels as well. The up-to-date information – starting lists, odds and absences – are all coming from the same system and are accessible regardless of the channel and player's status.

8.3 Customer segmentation

Fintoto does customer segmentation from a two-dimensional angle. The first one is the customer lifecycle from suspect to active customer and further to passive customer. Another angel is done by using RFM method (recency, frequency and monetary value) combined with demographical data mostly gender and age. Customers also also divided if they are active online or in the horse racing tracks. In the digital world there is also difference between desktop and mobile users.

Interviewee B who was the main person from Fintoto's side when the segmentation was done explained the criteria in detail. The first version was completed at 2014 and the interviewee A who has been responsible for it since provided some updates that have been made after the original segmentation. Fintoto started customer segmentation by making a inquiry in their customer database. Their inquiry included questionnaire for the customers, demographic information and RFM analysis (recency, frequency and monetary value). The purpose of this was to find out what kind of different player types they can identify in order to target the marketing and brand better for different customer groups. From this analysis they were able to identify six different groups of customers. All of these customer groups are covered in detail in their booklet called Fintoto's customer segments (Fintoto Oy, 2014b).

The first segment are young experience seekers. They are typically urban young or youngish men and their use of money is impulsive. They spend their free time in nightclubs, the movies, online and video games and with friends. They are not interested to go in the track physically so online gambling and foreign providers are common among them. The second segment is professional gamblers with a solid income. They are usually men with family who are entrepreneurs or senior salaried employees. Gambling is one of their most important hobby and the social aspect of it is highlighted as they go actively to the race tracks or betting locations with their friends. They are active followers of horse racing in multiple channels and they are proud about their expertise.
Segments three and four are mostly women. The segment three is resistant senior citizens whose perspective to gambling and horse racing in negative in general. They are usually retired so they have a lot of time but they are more interested about crafts, concerts and theater than horses. The segment four is social mothers of the families. They also enjoy crafts and arts and also spending time with their family. They also see going to the tracks as social event. They enjoy going with their family or husband and they feel that the atmosphere in the tracks is pleasant and suitable for the whole family. These two groups are the ones that women are the majority. From Fintoto's point of view they are not that relevant since they represent a quite small portion of their customers and their monetary value is quite low.

The fifth segment are over 60 years old men who are usually retired. They don't go to tracks that much but they follow the races on television and gamble in local game kiosk. They are not interested about the online services. Most of them are living in small cities or in rural areas. The segment is quite small and their monetary value is not that important. Instead the next segment active grown men is one of the most important for them. They are active elderly men mostly over 40 years old with the strong presence of men from 51 to 65 years old. The amount of entrepreneurs in the group is significant compared to population in average although they still are only small portion of the group as most of the member are employees. People in this segment follow actively sports in general including horse racing but they are also interested carpentry, building, hunting, fishing and gambling. Their spending for Fintoto's games per year is the second largest of these segments.

From these segments Fintoto has done analysis that how much of their customers represent each of the segment and on the other hand what kind of percentage they cover of the Finnish population in general. According to Interviewee A after the analysis it was found that the most important ones for Fintoto are the young experience seekers, the professional gamblers and the active grown men. The young experience seekers are important to Fintoto as they are represent a large portion of people in general and they are active profitable customers. The professional gamblers are important because they gamble a lot and with a large sums of money. On the other hand their quantity is quite small and some of they are successful with gambling so they are costing money to Fintoto. The active grown men are interesting because they are a large customer segment, they are also a big portion of the people in general and they are interested about horse races. They are active gamblers but hey usually don't win the jackpots. They are the most profitable segment to Fintoto. This gives a base for the them to target their marketing for different kind of people.

"This segmentation is used mostly in the planning of marketing and to raise brand awareness among different kinds of people. We have mirrored all of these groups against the overall population to see where we could find potential customers. From our point of the view the interesting groups are the ones that are profitable but also big enough that it makes sense to target the marketing efforts on them." (Interviewee B.)

The other way of segmenting customers is based on their transactional history. The customers are divided based on number of transactions, the amount of money spent, the amount of active days and recency. This forms a customer path where the different phases of the customer journey can be seen. This complements the previously introduced segmentation method as the customer with similar demographic information can be just starting out as a horse race better or they might already been active for a long time.
This other segmentation method gives Fintoto a better chance to target their marketing efforts so that they can reach the right person with the right message. There are six different segments of customers based on this transaction history. These are displayed in the Figure 4 (Fintoto Oy, 2014a).

The different groups in this segmentation criteria is documented in Fintoto's booklet Fintoto panostaa asiakaslähtöisyteen (Fintoto invests in customer focus) (Fintoto Oy, 2014a.) This was also described in the interviews by the interviewees A and B. In the beginning of the customer path are suspects. These people are potential customer who have not yet been in contact with Fintoto. Prospects are potential that also have had some contact with Fintoto. Usually this is a person who has visited Fintoto's website, received email or has been in contact in the social media. They are able to detect users from the website for example and retarget their marketing for them. New customers are people who have registered lately. Fintoto has set the timeline in a way that customers who have registered in the last two months are still considered as a new customers. At this point they are able to target them even better and can start to use the methods of customer relationship marketing.

New next one is active customers. Those are people who have been gambling recently with the certain amount of money or with a certain recency. These customers are still divided into three categories based on their activity: random customers, active customers and top customers. Random customers only gamble occasionally and Fintoto's goal is either to make them more active or give up on them all together. Top customers on the other hand are the ones who gamble regularly and are really potential group for Fintoto to develop even further.

Customers that are becoming passive are important segment for Fintoto. These people have been active before but for some reason are now starting to passivate. Usually they have had actions in the last six months but not that much lately. These are still divided in four different categories based on their previous segment: passivating from a new customer, passivating from random customer, passivating from active customer and passivating from top customer. This separation is important when marketing efforts are targeted for these people. Same thing applies for the passive customers. When customer hasn't gambled in six months they become passive customers. These are again divided whether they become passive from a new customer, from random customer or from active customer.

The most important segments for Fintoto of these are new customers, active customers and customers becoming passive. They are the segments where targeted marketing efforts can have the most impact.

"If customer has placed bets in the first month there is big chance that he'll become an active customer. Also most of the active customers bet all the time in three weeks timeframe so this is where the most profits come from. The customers that are becoming passive are also important since when they are lost it is much harder to get them back." (Interviewee B.)
These two type of segmentation methods forms a base for Fintoto on how to target their marketing efforts. On the other hand there are people from different age, gender and socio-economical categories and on the other hand these people are on a certain point in the customer path. This forms a matrix where in the other side is the customer segment and in the other side the customer path. In the following sections the different user segments are combined with different channels and with touch-points on these channels.

### 8.4 Customer experience management

As described in previous channels the customer experience happens in the the touch-points between the customer and the company (e.g. Bitner et al, 2000; Grewal, 2009; Clatworthy, 2012). By integrating elements of experiences at these touch-points the customer experience can actually be manage. This leads to brand preference and ultimately to sales. (Fatma, 2014.) Also customer experience should be considered in all of the channels where company operating and also in the context of different customer segments since optimal customer experience may differ for different customer segments (Frow & Payne, 2007). The previous sections covered the digital channels that Fintoto is using and the segmentation methods they have done.

Interviewee D described that customer experience is primary about outlining the whole marketing process, splitting it to meaningful parts and setting up goals for each part. She also raised the importance of having the basics done right but also looking forward. “The customer experience should be managed a lot more consciously that it is done nowadays. There should be defined paths for different types of customers and lead customers into these path automatically. (Interviewee D.)”

Fintoto has outlined a management model for all of the customer segments besides suspects and prospects. The purpose of these management model is to have automated responses in different scenarios with the customer. Interviewee D pointed out that is important to identify the optimal customer experience, what are the hardest parts and what touch-points are the most important. Although all of the touch-points are a part of the customer experience but some affect it more than others because they can provide more value. Fintoto has identified the key touch-points in the channels they are using and they also try to customize the message for different segments.

When trying to build general awareness Fintoto's main channels are press releases. The goal is to publish information that is generally interesting so that is reaches the newspapers, website articles and blogs. Interviewee A told that topics of the press releases vary quite a lot and they be about young drivers, success of a Finnish horse in abroad or about a significant jackpot and so on. The actual press releases are send out to reporters and partners but of course the purpose is to reach all of the potential customers from suspects to active betters.

In the banner advertising there is only two touch-points: when the customer sees the banner and when he clicks it. Fintoto uses banners mainly in the partnership sites and in some extent in the search engine marketing as well. Interviewees told that in the partnership sites the banners are targeted to the customer in a way that different segments see a different kind of ad. For example for attracting the new customers they are using banners that encourages suspects to register. This is done by segmenting out all of the people who have not visited their website. As the customer that has visited the website before can be recognized they become prospect. At this point methods of retargeting are used and banners in various sites are targeted for them again. There are also different banners for active and passive customers. Interviewee A clarified that this
is only applicable in their own and partner's website. In the search engines the banners are targeted based on the search term and the website visits.

Fintoto has an active partner network that does the marketing for them as well. This includes both traditional media networks and individual people. Interviewee A described the process that usually is that both Fintoto and partner create content which is relevant and interesting to potential customers. In a marketing term this is called content marketing. The purpose is that customers find this information through social media or search engines and after reading it they continue to Fintoto's site to place bets. Fintoto usually creates all the data based content for example starting lists, schedules and results and partners create more emotional and experience based content. With most of the partners they personalize the content created by Fintoto so that active customers see starting lists and prospects ready made betting lists. Individual persons are usually active on social media and they mostly market to their followers which can include thousands of people.

As mentioned before the main channel for Fintoto is their website. All of the other channels are merely a way to drive traffic to their main website. Interviewee A described how they are managing the experience for different customers nowadays. The traffic source defines to some extent what kind page the visitor see when they come to the website. The first page the customer sees when he comes to the site is in the marketing called landing page and these Fintoto tailors based on the channel from which the customer arrived. Also when people come from the search engines the landing page is based on the search term they used. So coming to the website is an important touch-point. Overall the website is tailored for different customers based on their actions and transactional history. So each of the visitors receive a unique experience in the website. Their main focus is on the tactical race advertising where different type of customers see different things about the upcoming races. The registration is an important touch-point since when people register Fintoto is able to do direct marketing for them in multiple channels. That's why the registration page also is tailored based on the channel which customer arrived from and if customer abandons the registration form he is retargeted in the banner advertising.

"If you are a followers of a certain person in the social media and we can see that you have talked with this person we don't show the default registration page that the normal visitors see. The registration page is a bit more relaxed. This is something that we have done in the last six months." (Interviewee A.)

For prospects and customers there is more channels that can be used than for suspects. One of these is email. All of the active customer of Fintoto receive a variety of newsletters and direct emails. There is an option to opt-out from the mailing lists but this is quite rare. Also the prospects have a possibility to subscribe for newsletters. Email is used in a variety of ways including weekly newsletter, transactional emails and targeted campaigns. The main email marketing method is a weekly newsletter that is targeted to active customers. At the moment all of the active customers receive the same newsletter. They have recognized the need for tailoring the newsletter for different customer segments but at the moment there is not enough resources to create more content. The newsletter contains multiple touch-points as it contains a lot of links to their website for different betting options so in that sense different customer segments are noted. Interviewee A described the process after customer reacts to email. When a person comes from the newsletter to the website the content is again tailored for them. Sometimes they also do targeted campaigns around a certain topic. These can include jackpots information for professional betters, ready made strategies for group players or tips for people who are becoming passive. Finally there are a couple of scenarios where the customer data is handled and used to transactional emails. One example is when the
new customer registers. They get a welcome email and email chain with one week interval for four weeks that teaches them how to play Toto games, how the games are organized and what kind of options there are in the horse race betting world. Another way of using transactional emails is to activate customers that are becoming passive. After 30, 60 and 90 days of inactiveness they receive an automated email with each time difference message and incentives that encourage them to activate again. Both Interviewees A and B highlighted the importance of new customers and customers becoming passive. From the marketing perspective the most important segments so those make important touch-points as well.

Besides the email subscription the customers also have an option to subscribe to SMS messages. The messages itself usually contain information about Jackpot rounds which means that there is extra money in the pot. These are usually subscribed by the most active players who hunt for the special prizes and big winnings. In social media channels Fintoto does both advertising and content marketing. The advertising is mainly targeted to suspects who are not still followers. The content marketing is targeted more to followers who are usually prospects or active customers. The identified touch-points here are joining as a follower and clicking a link. From link clicks they can tailor the website where the clicker lands if it is on their own website.

The most important touch-points can be identified from all of the channels. In banner advertising especially in the partner network the crucial touch-point is when the customer sees the ad. It can be targeted based on their segment to increase conversion. Also the clicking of the ad is a touch-point and it the landing page can be tailored based on the source of the arrival. The website contains a multiple touch-points and overall the website is tailored based on the user's profile. Visiting the website functions as a touch-point itself and people who have visited are retargeted in the partner and advertising networks. Registration is an important touch-point since it gives Fintoto ability to do direct marketing for the customer same as the newsletter and SMS subscriptions. In the newsletters and SMS the message serves as a touch-point so there is different triggers beneath each message. As Fintoto is using a lot of channels and personalization there is a need for technology and marketing automation tools to help them do all of this. How they do all of this is explained in the next chapter.

8.5 The role of technology and marketing automation

As described Fintoto has a quite a lot of channels they are operating and also a two-dimensional customer segmentation method. They also have management models for each of the customer segment when things to need to happen immediately a customer fills out a certain criteria. This would be impossible to handle manually so they have a set of tools that help them to manage all the marketing efforts.

Interviewee A described the toolset they have today. For the transactional data from the betting they have a customized system where all of the betting transactions are stored. All of the bets that customers have made can be found here. From the marketing perspective they are only able to use the data from the online as in the race tracks people can bet anonymously. Over the customer transaction data they have built a marketing database where they can do segmentation and see that how persons there are in each segment and how they are developing. They can also do ad hoc searches to the database and narrow a different kind of user groups. From the database they can see how the sales is developing and what is the influence of certain campaign to certain people. Marketing database is integrated to other channels so they see for example website behavior of the customers there as well.
The customer database and marketing database are connected to the other tools that they are using. The most important channels for their customer is the online betting site www.fintoto.fi and the main marketing website www.toto.fi. These sites have tools that customize the view for each person based on their segment and transactional history. The data is delivered to partner networks and search engines where they can target the ads for different segments and do conversation optimization. Besides the main websites they have a couple of smaller website for example for the mobile users m.toto.fi. They also have connected the email marketing tool and marketing automation tool to these services where they do the actual campaigns. From the email marketing tool they are also able to do SMS marketing. All of this is connected to analytics so that they can get track the actions from different channels.

This set of tools can be mirrored against the functionalities that Buttle (2009) described essential for marketing automation which included campaign management, customer and market segmentation, e-mail campaign management, event-based marketing, trigger marketing, internet marketing, keyword marketing, search engine optimization, lead generation and loyalty management. Starting from campaign management this is handled mostly in their customer database. There they can see the effects of each campaign. It is not as thorough as it should be so they have to use the tools individually as well without a centralized coordination. For customer and market segmentation they have actually multiple tools. The marketing database has the segmentation features as well as the marketing automation platform and website optimization tool. This actually creates a bit of problem for them.

"The quite range palette of tools and the integration between them is a quite a challenge. For example the segmentation is done on multiple tools. It would be better to have master database where the segmentation is made and then the segment information would be attached to the contact when he is handled in other channels." (Interviewee B.)

Email marketing is handled with a dedicated tool for that. They can get the newsletters done quite flexibly and they can use the customer information when targeting the newsletter. For example the weekly newsletter is only sent out to active customers. The marketing automation platform that they are using is handling the event-based and trigger marketing. So each time a customer completes a predefined trigger they get an automated email from the system. These triggers are for example in the registration and when customers are becoming passive. They have a capability of launching SMS messages from these triggers as well but at the moment these are not in active use.

In the internet marketing they are doing a quite range of actions. They have a content management systems where they can update the information on their websites and also a tool to customize the content for each customer or customer segment. These tools are integrated to partner networks so the marketing done in there can also be handled from their systems. The content management systems they are using also include tools for search engine optimization. With these tools they can make their websites more user friendly and improve their position in the search engine listings. They are also doing keyword marketing and have an ability to customize the website where customer lands based on the keyword that they were using in the search engine. Lead generation is done in a multiple ways. All of the website visitors as handled as leads and they are able to retarget them in the marketing. They are also gathering newsletter subscriptions where the email address then can be used in the marketing and social media followers whom they are able to target their marketing as well. With the marketing automation platform they would be able to do loyalty management for the active customers but at the moment they are not doing that. Loyalty management is mainly used to activate the new customers and to stop customers come passive.
All of the tools are connected to analytics which Buttle (2009) also mentioned as an important feature. So from all of the tools and channels they are using so should be get all of the information needed. But as the interviewee B pointed out the integration between the systems is a bit of a challenge and at the moment information is not flown fluently.
9. Findings, discussion and implications

The purpose of this study was to find how customer experience can be managed with marketing automation. The customer experience can be seen as “the internal and subjective response customers have to any direct or indirect contact with a company” (Meyer & Schwager, 2007, p. 118). Multiple researchers consider the touch-points between the customer and the company as central for the customer experience (e.g. Bitner et al, 2000; Grewal, 2009; Clatworthy, 2012). When customer interacts with the business, product or service, every point of contact affects to the customer experience (Grewal et al., 2009). As superior customer experience can create competitive advantage (Berry et al., 2002; Verhoef, 2009) it is important to companies to drive the customer experience to the right direction. Multiple studies show the benefits of actively managing the customer experiences for example which can lead to superior competitive advantage which can be difficult to match for competitors (Berry et al., 2002; Verhoef et al, 2009; Fatma, 2014). Customers are even ready to pay higher prices (Arussy et al., 2010). As the customer experience should be considered in all of the channels where company operating and also in the context of different customer segments since optimal customer experience may differ for different customer segments (Frow & Payne, 2007) the other research questions were that what kind of channels can be used in the digital marketing and how customer can be segmented effectively? This study was focused only the digital marketing channels that companies are using. As the previous research pointed out the user experience happens in the points between the customer and the company (e.g. Bitner et al, 2000; Grewal, 2009; Clatworthy, 2012) the focus was on these touch-points in different channels.

Based on the literature review a framework was built which tied customer experience, marketing channels, their touch-points and marketing automation together. As the customer experience happens in the touch-points between the customer and the company (e.g. Bitner et al, 2000; Grewal, 2009; Clatworthy, 2012) it is up to marketing automation software to collect the data about the customer and then automatically generate an optimal response for the customer each time interaction happens. To complement the theory there was a study done in a company called Fintoto. This study was done as a case study where the digital marketing of Fintoto is studied from the perspectives of customer experience, digital marketing channels and customer segmentation. Fintoto was selected as a case company because customer experience is essential for them and they have started to develop systematical customer experience management. Case study is a suitable method when the research questions are how or why and the questions are being asked about a contemporary set of events over which the investigator has little or no control. The case study allows an investigation to retain the holistic and meaningful characteristics of real-life events. The most important application of the case study is to explain the causal links in real-life interventions that are too complex for the survey or experimental strategies. (Yin, 2004.)

As there is a lot of digital channels were companies are operating nowadays the amount of touch-points that companies have with the customers is quite big. When this is multiplied with the number of segments it creates a quite challenging matrix for the companies when interacting with the customers. In the literature this challenge has been pointed out by multiple researched (Gordon, 1998; Christopher et al., 2001; Hultén 2007). Fintoto's customer base varies quite a lot from infrequently betting senior women to middle-aged men who bet thousands of euros per week. They have segmented these
customers to homogenous groups and tried to find the most effective touch-points from different channels for each segment. The segmentation is two-dimensional where the potential customer are segmented based on at which stage they are in the customer path – suspect, prospect, new customer, active customer, becoming passive customer and passive customer – and also divided into six different groups based on their demographical data. Their segmentation method is quite close to Hultén's (2007) ideas how it should be done. Hultén (2007) suggests that company should have two dimensional segmentation, where market segmentation at the business strategy level is one dimension and customer segmentation at the customer strategy level is another dimension. Fintoto has done something quite close to that when they have built different market segments from demographical point of view to plan their marketing and build brand awareness and then on the customer level built another dimension based on the customer activity.

9.1 Comparing the results to the theoretical framework

In my theoretical framework based on the literature review there is a correlation between the customer, the marketing channel and the response that company creates. The basic idea is that when customer interacts with company in a certain touch-point the marketing automation software creates the optimal response based on the segment of the customer. This seems to fit quite well in the scope of Fintoto since a lot of their marketing operations are targeted on different channels for different segments. From Fintoto's material and interviews it can be determined that the things that affect in the customer's experience are quite different for different segments. For example the new customers might be baffled with the basics of online horse betting and on the other hand the professional gamblers are doing complex automated systems to bet thousands of different combination simultaneously. For the marketers of Fintoto this creates a challenge how to approach the right customer with the right message in the right channel. It seems that the importance of the channel differs for different segment.

There is also limitations what channels can be used with each segment. As there is not a way to directly market to suspects the experience from overall brand awareness and advertising is highlighted. Suspects can also be reached via methods of content marketing where suspects searching for information about the topics related to Fintoto lands to their or their partners website. Also in the display advertising the tools that they are using able them to target the ads to previously unknown people in partner sites, search engines and social media. The next step is when they have a way to identify the person and start to target the marketing for them individually. This usually happens with the website visit when they are able to retarget the persons in the advertising network, with newsletter subscription when they are able to do targeted email marketing or social media like when they can target them based on their like in the social media. If prospects visit their website naturally the experience they get from it makes a lot of difference with their commitment.

When they are able to acquire a new the customer the focus changes form general awareness to committing the customer. In this step it is crucial that they are able to teach the customer how to use the online betting system and how everything operates. The website and the online betting functions make a great difference in here but also with automated emails they can teach the customers, remind them about the registration and guide them to the right direction. As pointed out in the interviews this is a crucial step in the customer path – if they bet in a short period of time after the registration they usually become active customers but if they don't they usually are lost altogether. This is a good example of marketing automation in practice and it is also aligned with the
theoretical framework introduced earlier since actions in multiple channels are tailored against the customer's segment.

For active customers the website and experience that comes from placing the bets is the most important. Besides that there are channels that support the betting activities. The weekly email newsletter is important as it describes for the customers what is happening during the week. Also active customers have a possibility to opt-in for SMS message that are send out almost daily. These SMS' offer information about the jackpots and more rare betting opportunities such as abroad events which the customers can participate as well. The active customers are also active in the partner networks and social media these are a good way to reach them as well when the ads targeted for them. The active customers themselves are quite a heterogeneous group and the another dimension of segmentation could be used in the direct marketing and marketing automation more than it's used nowadays. As the customers bet on different kind of events and with different volume there could find profitable micro segments that could reach directly successfully. This is something where Fintoto could expand their current activities. It is an challenge of resources but the automation tools could help in here.

When customers start to go passive it creates a new challenge as it is difficult to reach a customer that is active not vising their website or partner networks. The still receive a weekly newsletter but if they don't visit social media, their website or partner networks they really can't reach out for them. As a solution for this they have created an automated emails that are launched after the customer has been inactive for a certain days. They come with a predefined frequency and each time the customer is reached with a slightly different marketing message from a different angle. In this phase email marketing is important since it pretty much is the only way how they can reach these people. When customer becomes passive they send a one more email to notify them about this. After this stage they start to treat customer like a new suspect again. Contacting the inactive customer's is something that was missing from my original framework. As it is focused on the action of the customer on a certain channel there is not a clear touch-point when customer is no longer interacting with the company. But at least from the marketing perspective there should be a procedure what to do when the company is about to lose the customer. Besides the customer information database and segmentation rules there should marketing programs in the automation software that target the certain customers regardless of their actions. This is added to original framework. The updated framework is shown in the figure 5.
From the case of Fintoto it can be seen that the marketing channels and their touchpoints can be linked with the different customer segments. Some channels are more important to certain segments as other can be unusable. This gives a good guideline for the marketers to highlight the channels where they see the most problems in the customer segments. If there are no new customers they need to put effort on suspects and prospects. If there are new customers but they don’t activate enough they need to concentrate on channels that effect new customers. And if activate customers start to go passive they need to focus on that. This also helps the marketer to tailor the customer experience in different channels based on the customers that are most likely to going to use that channel. As there are multiple channels and even more touch-points and as customers are moving from a segment to another it is important that marketing activities in these points are automated as a much as possible. For example when the new customer registers they need to get the guidance right away so the process has to be automated.

The correlation of channel and touch-point with the segment is presented in the figure 6.
There are still areas where Fintoto could improve their marketing and what interviewees find challenging. They have all of these channels connected to analytics so they are able to measure the marketing efforts as well. Handling a this quite a palette of tools creates also challenges for them. As mentioned by the interviewee B the there is not one single master database where they could handle all the customer data, do the segmentation and export contact to other channel with the segment information attached. The complete flowing of data and integration between the different tools is a big challenge. Their also not getting all out of the tools that they could. Especially in the active customer they think that might be a lot of beneficial micro-segments if they'd try to find them. This is mostly a resource problem since they say they don't have time to create targeted content more than usual. The tools itself are easy – which is also important that resources are not wasted – but of still there is a limit of how much manual marketing they can do. This is where they could use the automation more to automate routine marketing tasks. So overall it seems that they have a good setup and they are doing the right things but with utilizing the tools even more they improve the customer experience and manage it to the right direction even more efficiently.

9.2 Answers to the research questions

The main research question was how customer experience management can be done with marketing automation. As companies can have thousands of customers the marketing automation platform is needed to store the customer information and create the optimal response based on that information in each channel. I would answer this question: identifying the most important touch-points in different marketing channels and creating an automated optimal response for the each customer based on the customer information. To create the optimal response it requires that all of the tools used most be integrated seamlessly together to ensure integrity of the customer data. Also tools must be easy to use so that the company can use it's resources effectively.

One of my sub-questions was that how can customers be segmented effectively. This relates to the main research question since the customer experience is unique and different customer get a difference experience from the same event. There was a clear evidence in the prior research that demographic information about the customers is not
relevant in the today's complex online environments but the focus should be on the transactions of the customers (i.e. Gordon, 1998). Even from the segment the focus should be pointed to the individual customers and react to their actions right away (Christopher et al. 2005, Turban et al., 2012). This is another aspect where marketing automation can help, it can use the data available from the customer to tailor the messages that customer receives. The demographic variables play a minor role also in the case company and they are used more to characterize the different segments than actually used as a base for segmentation. In the case company the segments are built around the transactional data about the customers which is what prior research also recommends.

It was found that Fintoto has two-dimensional way how to segment the customers which is quite close how Hultén (2007) sees that segmentation should be done where the market segmentation done at the business strategy level is one dimension and the customer segmentation at the customer strategy level is another dimension. They also have one-to-one marketing programs that are automatically launched when the customer launches a certain trigger such as registers as a new customer. Based on the literature review and the case study I would answer this sub-question that customers can be segmented efficiently by doing a market segmentation in the market strategy level, customer segmentation at the customer strategy level and individual targeting in the key touch-points.

Another sub-question was that what kind of channels can be used for digital marketing. This is important from the customer experience point of view since the customer experience should be considered in the context of all the channels were company is operating. These channels were introduced and important finding was that from each of these channels can be found touch-points which have a significant effect to customer experience. Marketing automation can also be used in here to automatically distribute content to different channels.

There were a total of eight different marketing channels identified from the literature and the case study. The answer to the question could be that the digital marketing channels are websites, search engine marketing (SEM), online public relations (E-PR), online partnerships including affiliate marketing, display advertising, email-marketing, text-message marketing and social media marketing including viral and electronic word-of-mouth marketing. The case company Fintoto was using all of these except electronic word-of-mouth marketing.

9.3 Implications to marketing practitioners and researchers

If company is struggling to enhance their customer experience and want to manage it actively in the digital channels I'd encourage them to think marketing automation as a one solution. It gives possibility to target individual customers and allocate the future resources more effectively and efficiently.

The customer path that Fintoto has can be generalized to use in other companies and other industries. This customer path from suspect to customer and further to passive customer is something that can be applied quite universally. In the same way companies can see in which channels they should concentrate based on what part of this journey they are struggling. There is quite clear touch-points in these steps and channels and improving customer experience in those touch-points can lead to improved business.

Also it became evident that the most challenging parts are to integrate the different systems together so that customer information is complete in all of the channels and one
of the most important feature of the tools is that they are easy to use when the resources can be utilized efficiently.

Although the customer experience management has been studied quite extensively and although the technology is a crucial part of digital marketing the marketing automation has not been studied that much. Prior to this study there has not been a study where customer experience management and marketing automations had been combined and studied together. The marketing is something that surrounds people all the time so the importance of making the experience better for the customer is something that is going to be even more important in the future.

I think that the idea using technology to combine the channel that the customer is using and the information that is stored about him to create the optimal response is something that will increase in the future. I hope that for the researchers who want to study these subjects this study can use my work as an example how the customer experience and digital marketing technology can be combined.
10. Conclusions

In this research I was studying how customer experience management can be done with marketing automation. The customer experience is the internal and subjective response customers have to any direct or indirect contact with a company. Central for the customer experience are the touch-points between the customer and the company. When customer interacts with the business, product or service, every point of contact affects to the customer experience. Since superior customer experience can create competitive advantage which can be difficult to match it is important to companies to drive the customer experience to the right direction. Customers are even ready to pay higher prices for better experience.

My main research question was how customer experience can be managed with marketing automation. Since the customer experience should be considered in all of the channels where company operating and also in the context of different customer segments since optimal customer experience may differ for different customer segments my two sub-questions were how can customers be segmented effectively and what kind of channels can be used for digital marketing.

Based on this study the answer to main research question is by identifying the most important touch-points in different marketing channels and creating an automated optimal response for the each customer based on the customer information. For the first sub-question the answer is by doing a market segmentation in the market strategy level, customer segmentation at the customer strategy level and individual targeting in the key touch-points and for the second sub-question websites, search engine marketing (SEM), online public relations (E-PR), online partnerships including affiliate marketing, display advertising, email-marketing, text-message marketing and social media marketing including viral and electronic word-of-mouth marketing.

Based on the literature review this is the first study where customer experience management is combined with marketing automation. Customer experience management has been studied before quite extensively and also the use of technology in marketing but from the marketing automation point of view these have not been studied together before. I believe that for the practitioners that are trying to find new ways to enhance their customer experience marketing automation could be eligible solution. Also the introduced customer segmentation and importance of different channels in the different phases of customer path could help the practitioners to allocate their resources efficiently.

Limitations of this study is that is was focused on the digital channels and the physical marketing channels were not studied at all. From the case company point of view there could have been more interviewees but it was not possible for the study. In general it is good to acknowledge that the customer experience is a wide concept and of course includes other areas besides marketing such as usability of the services and customer service. I have tried to look the subject objectively and get all the evidence from interviews and written documents but since I have been working with Fintoto actively for a couple of years I am quite close to the subject.

In the future researches the studying of customer experience could be expanded to physical channels as well and even for all of the operations the company is doing. Also
the correlation between the managing customer experience and the success of business should be researched deeply in the future. One option could be a study of a company implementing marketing automation to manage customer experience and compare the numbers of the company before and after the implementation. Besides the financial success there is not a clear method for measuring customer experience which could be one area of research as well.

Based on the study I'd encourage practitioners to take advantage of marketing automation. For many marketer it could be a useful tool for managing customer experience and also to use resources more efficiently and effectively.
References


Appendix A. Structure of the interviews

Customer experience and Customer Experience Management

- Are you familiar with customer experience as a concept? How would you define customer experience?
- How do you see the importance of Customer Experience? What kind of meaning Customer Experience has for your company?
- Are you familiar with Customer Experience Management? How would you define it?

Digital marketing channels

- What kind of channels are you using in digital marketing?
- How they are used in practice?
- What kind of touch-points can you identify in different marketing channels?

Customer segmentation

- What do you think is the most effective way to segment customers?
- How the customer segmentation is done in your company?

Using technology in marketing

- What kind of software are you using in digital marketing?
- How do you use them in practice

Customer Experience Management with marketing automation

- How can you see that the Customer Experience can be managed in different marketing channels?
- What kind of touch-points you can identify and how Customer Experience can be managed in these touch-points?
- What kind of software you are using to automatically manage Customer Experience in these touch-points?