



*Your customer in focus.*

THE  
EYE

# The Connected Customer

*Maximising the Benefits of  
Performance Marketing to Reach  
Canadian Consumers*

# eagleeye

Eagle Eye is a leading SaaS technology company transforming marketing by creating digital connections that enable personalized performance marketing in real time through coupons, loyalty, apps, subscriptions and gift services.

Eagle Eye AIR enables the secure issuance and redemption of digital offers and rewards at scale, across multiple channels, enabling a single customer view.

We create a network between merchants, brands and audiences to enable customer acquisition, interaction and retention at lower cost whilst driving marketing innovation.

The Company's current customer base comprises leading names in UK Grocery, Retail and Food & Beverage sectors, including Asda, Sainsbury's, Tesco, Waitrose and John Lewis & Partners, JD Sports, Burger King, Greggs, Mitchells & Butlers, Pizza Express and in Canada, Loblaws, Shoppers Drug Mart and Esso.

Eagle Eye is headquartered in Guildford, United Kingdom and has offices in Manchester, Toronto, Canada and Melbourne, Australia.

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*by Tim Mason, Eagle Eye Chief Executive Officer*

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## FOREWORD

Eagle Eye works with world-leading retail and hospitality operators and brands to help them keep their customers in focus. In this digital age, that means delivering performance marketing that enables customer engagement to be both targeted and measured throughout the buying process.

In the highly competitive retail sector, it pays to stay ahead of consumer trends in order to anticipate and successfully deliver more of what customers want. But this is impossible without deriving data-driven insights from customer interactions at every available touchpoint on their shopping journeys.

So, we have dug deeper into the data that informed our last report, *The Digital Imperative*, to analyze what today's tech-enabled consumers want. This latest report, *The Connected Customer: Maximizing the benefits of performance-driven marketing*, looks at how to keep pace with their changing expectations and what those changes mean for the Canadian retail market.

Our report shows that, like shoppers the world over, Canadian consumers are using digital tools to augment their shopping experiences both online and instore. They compare prices and availability on their mobile devices while out shopping. But 77% of Canadians ultimately prefer to complete their purchases in a physical store – the highest percentage of any of the global regions we surveyed.<sup>1</sup>

This begs the question: how can Canadian businesses ensure their marketing spend is targeted to increase customer engagement and measured to maximize return on investment (ROI)?

The winners, who can all be characterized as being digitally enabled and data-driven, certainly can. The likes of Amazon, Alibaba and JD.com are moving offline to capture a full view of the customer's entire online and offline shopping journey – and Canadian retailers and brands should learn from these giants. But they should also apply their merchant curation skills to bring this insight to bear in the store, as well as online.

At Eagle Eye, we focus on developing solutions that help retailers, hospitality operators and brands track engagement and measure sales in real time. Our latest report will help Canadian brands optimize marketing "in the now" to understand how customer engagement both online and instore can maximize the benefits of performance-driven marketing to succeed in this digital age.



Tim Mason, Eagle Eye Chief Executive Officer

## EXECUTIVE SUMMARY

### The benefits of performance marketing

Performance marketing refers to tracking, identifying and measuring the results of customer advertising and marketing engagement. This is key to gaining insight into customer behaviors and establishing profitable connections with them.

By all accounts, Canadians are active online. Ecommerce sales growth in Canada increased 18% year-over-year as of April 2019 versus only 2.8% growth for brick and mortar.<sup>ii</sup> Our own survey found Canadian consumers (along with consumers from Australia, the UK and US) are more likely to visit retail websites than stores before making a purchase.<sup>iii</sup> Yet, 77% of sales are still completed instore.

It's clear retailers should engage with customers digitally both online and in the store. This report offers recommendations to help manage omnichannel marketing – through 'DIAL' (i.e. Data, leading to Insight, driving Action to promote Loyalty).

Almost two-thirds (64%) of Canadian consumers say relevancy is very important to them

Over half of Canadians (59%) surveyed collected or used loyalty points or vouchers recently

## KEY FINDINGS

The main findings of the *Connected Customer* report are organized by DIAL and grouped into four main areas:

### 1

Many Canadian consumers prefer to carry out **research online and via mobile before making a purchase**. Retailers and brands must support the entire shopping journey and establish digitally enabled, data-driven customer connections.

*Generations X, Y and Z are using more channels before making a purchase – up to 3.4 touchpoints for high-value purchases<sup>iii</sup> – reinforcing the need for retailers across sectors to have a consistent omnichannel presence.*

### 2

Digital customer connections provide invaluable shopping journey data that should be used to gain insights into what influences a customer's choice of retailer.

*“Value for money” is still the top driver of consumer choice. But their growing expectation of rewards and recognition also has a powerful influence on whether a consumer chooses a particular retailer or brand.*

### 3

Although price and promotions are the main influencers on a consumer's choice of retailer, it is essential to take action and demonstrate **added value doesn't always have to mean a discount**.

*Canadians perceive loyalty program apps as added value. It's their most favored means for promotion delivery.*

### 4

Taking effective and timely action in response to customer needs, preferences and expectations can boost engagement, as a prerequisite to promote loyalty that can **drive sales and frequency**.

*Relevancy (i.e., something consumers want or like) is the most important factor in whether the vast majority (94% across all regions) of consumers across markets, age groups and gender redeem a promotion.*

## 01

## DATA

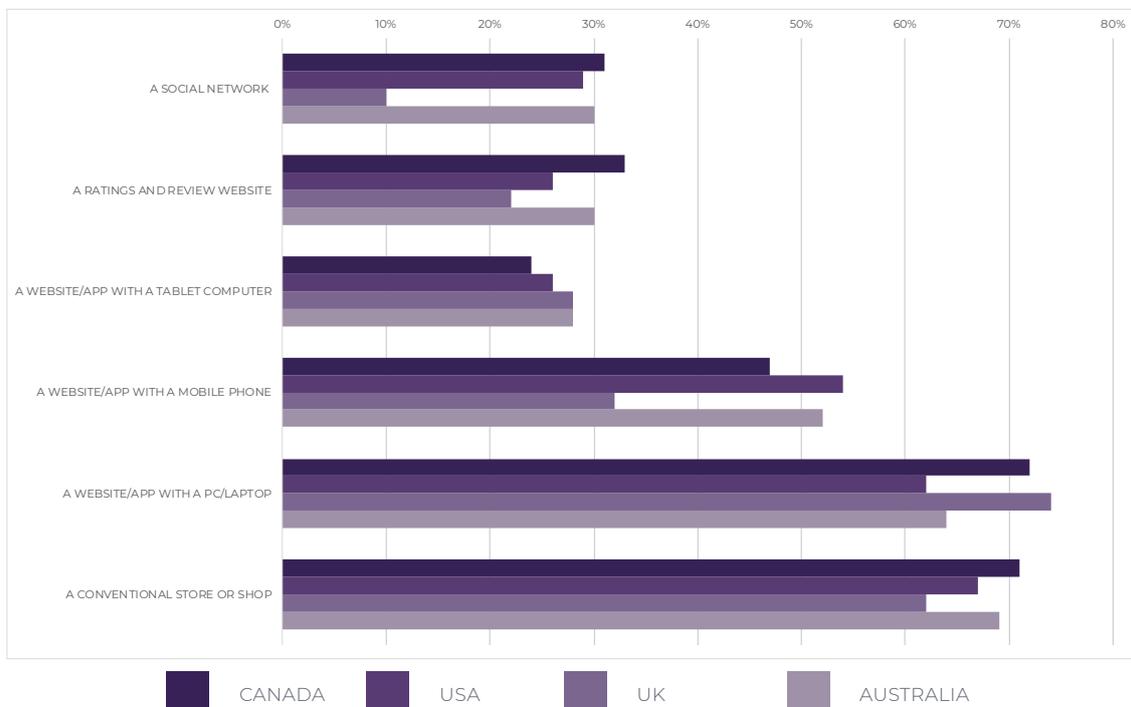
*The growing importance of digital customer connections*

**KEY FINDING:** The typical path to purchase is becoming more complex – and is almost always channel agnostic. Canadian retailers and brands need to support customer shopping journeys consistently across touchpoints.

Online is overtaking the store for browsing, search and discovery phases of the shopping journey, while brick and mortar is still the preferred venue for completing a purchase. Establishing consistent digital customer connections and extending those connections into the store is an essential advantage for retailers and brands.

Canadian consumers visited three digital channels on average before making a purchase.

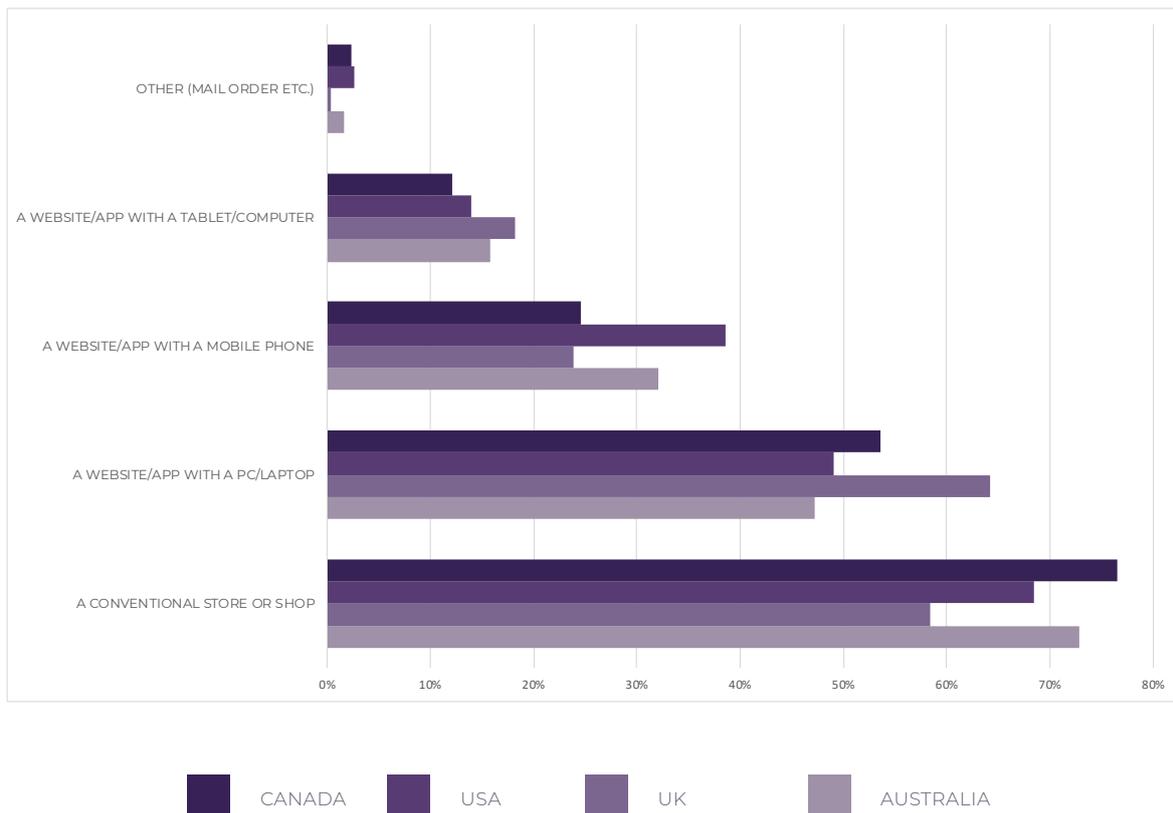
FIG. 1 THINKING ABOUT THE PRODUCTS AND/OR SERVICES YOU BOUGHT IN THE LAST TWO WEEKS, WHICH OF THE FOLLOWING DID YOU VISIT BEFORE MAKING A PURCHASE?



Canadian consumers are significantly more likely to visit a ratings and review website (33%) or social network (31%) than consumers in other regions surveyed. Older age groups (45 years +) are more likely to visit a store and ecommerce site via a PC/laptop before purchase.

US consumers are most likely to say they do all/most of their browsing and purchasing on their mobile phone

FIG. 2 THINKING ABOUT PRODUCTS AND/OR SERVICES YOU BOUGHT IN THE LAST TWO WEEKS, WHERE DID YOU ACTUALLY COMPLETE YOUR PURCHASE(S)?



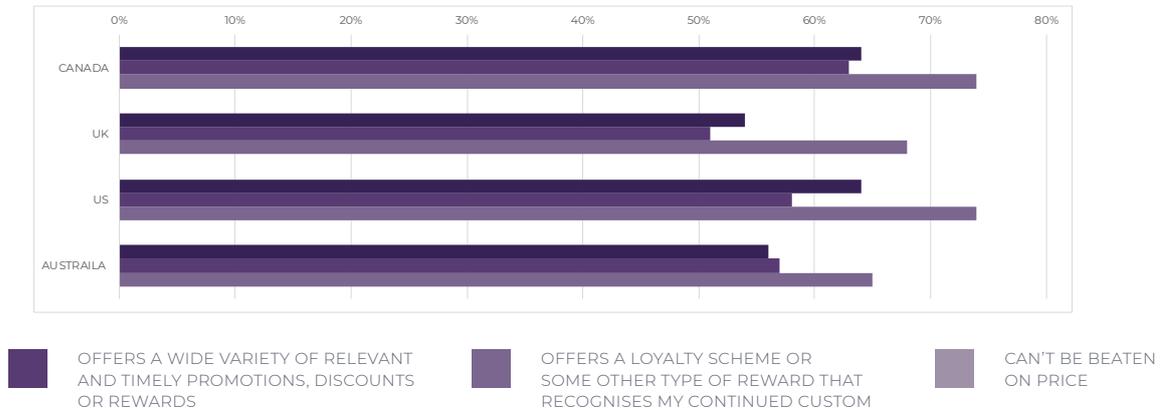
Canadian consumers are also the most likely (31%) to visit a social network before making a purchase, compared to 30% in Australia, 29% in US, and 10% in the UK.

Canadian consumers prefer to research products online and on their mobile devices before buying, but ultimately complete their purchase (including 'click & collect') in a traditional store. Retailers should therefore support customer shopping journeys by bringing digital connections instore, using mobile apps and other interactive touchpoints, such as electronic shelf labels, to make the shopping experience easier and faster.

Canadians are more likely to complete their purchase in a store (77%)

FIG. 2

FIG. 3 WHAT INFLUENCES YOU TO BUY FROM A RETAILER?



American consumers showed a similar pattern as Canadians in the hierarchy of factors that influenced them to buy from a retailer. That is, they are led by price, followed by timely promotions and discounts, and loyalty-based rewards.

Customer engagement must generate value for both the consumer and the business. Discounts and promotional offers make consumers feel they are getting better value or recognition for their custom, while driving footfall and sales for retailers.

74% of Canadians choose a retailer based on the best price, while 64% are influenced by the variety of offers and 63% by a loyalty scheme

## CASE STUDY: LOBLAW COMBINES TWO MASSIVE PROGRAMS INTO ONE LOYALTY POWERHOUSE

*Loblaw is one of Canada's largest retailers with one of the biggest loyalty programs in the country: PC Optimum.*

- Loblaw acquired Shoppers Drug Mart in 2014. Loblaw partnered with Eagle Eye to consolidate its PC Plus loyalty program and Shoppers Drug Mart's Optimum program. The PC Optimum loyalty program was launched in 2018.
- Eagle Eye's SaaS-based AIR platform powers the PC Optimum ecosystem. It connects data from all of Loblaw's customer touchpoints to achieve an in-depth understanding of its customers' behaviors beyond the transaction.
- Eagle Eye provides a single customer view that lets Loblaw personalize offers and create up to 150 million offer permutations a day. This ensures the combination of offers that customers receive are as unique as they are.



# 02 INSIGHT

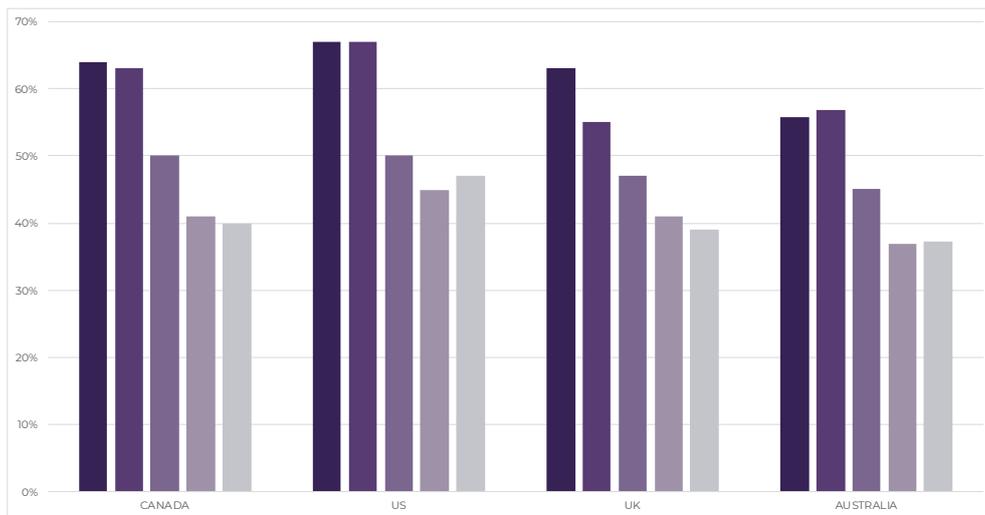
## Understanding the importance of relevance

**KEY FINDING:** Retailers and brands that cultivate digital connections can recognize their most valuable customers with targeted engagement that adds value, and enhances service levels and experience.

Research has found that customers who shop across digital and physical channels spend an average of 4% more in a store and 10% more online than customers who shop exclusively in only one of these channels.<sup>v</sup>

Digitizing the path to purchase is key to engaging customers consistently across channels

FIG. 4 CONSUMERS WHO SAY THE FOLLOWING CRITERIA ARE 'VERY IMPORTANT' IN DECIDING WHETHER THEY USE A PROMOTION



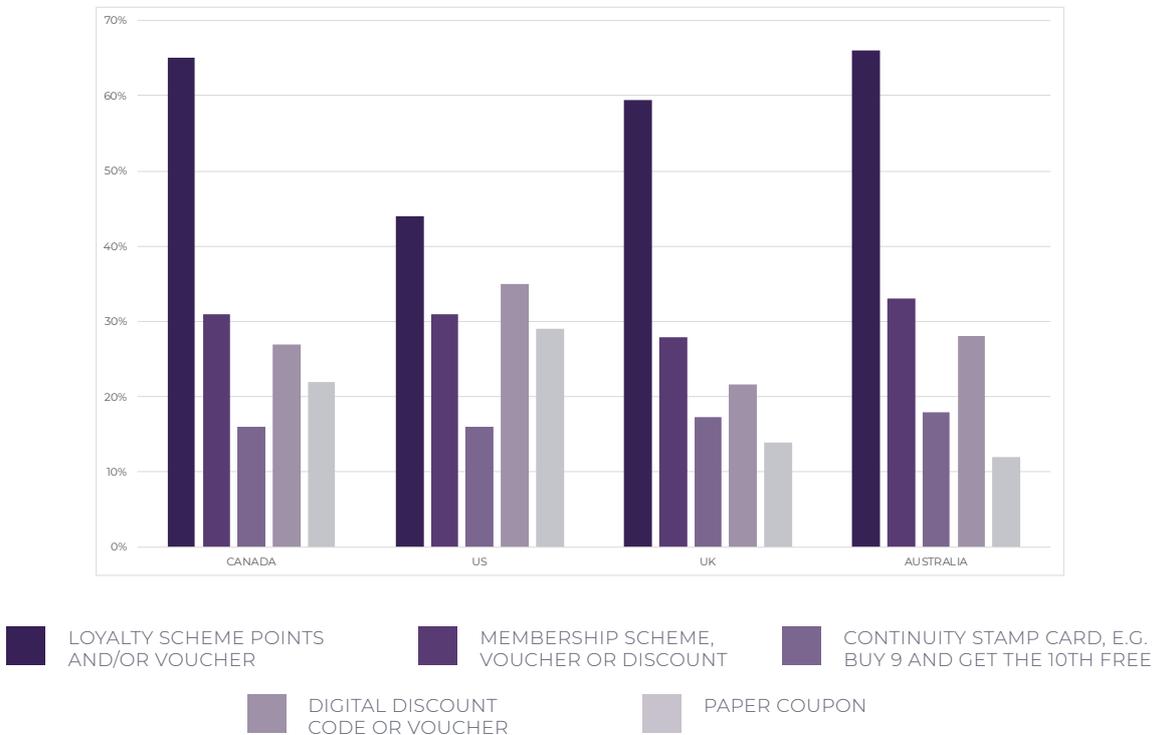
- RELEVANCY** E.G. WHETHER IT IS SOMETHING I WANT OR WOULD LIKE
- COST SAVING** E.G. THE AMOUNT OF MONEY SAVED BY USING THE PROMOTION
- UTILITY** E.G. WHETHER IT IS SOMETHING THAT WOULD BE USEFUL
- TIMLINESS** E.G. GIVEN TO ME AT THE RIGHT TIME, WHEN I WANT OR NEED IT
- CONVENIENCE** E.G. FOR A RETAIL/ FOOD OUTLET I AM CLOSE TO AT THAT TIME OR A TIME THAT SUITS ME

Canadian consumers want relevant promotions. That's why it's crucial for retailers and brands to identify their customers' preferences and common characteristics, so they can target and engage with them more effectively to drive increased frequency and spend.

More Canadians (64%) ranked "relevancy" as the most important criteria for using a promotion than consumers in any other region other than the US (67%).

Canadian women are more likely to say that promotional relevancy is "very important" to them than men (67% versus 64%).

FIG. 5 CONSUMERS WHO COLLECTED OR USED ANY OF THE FOLLOWING REWARD TYPES DURING PURCHASES WITHIN TWO WEEKS OF TAKING THE SURVEY



Canadians (65%) are second only to Australians (66%) when it comes to collecting and using loyalty points and rewards, also far outpacing their American neighbors (44%).

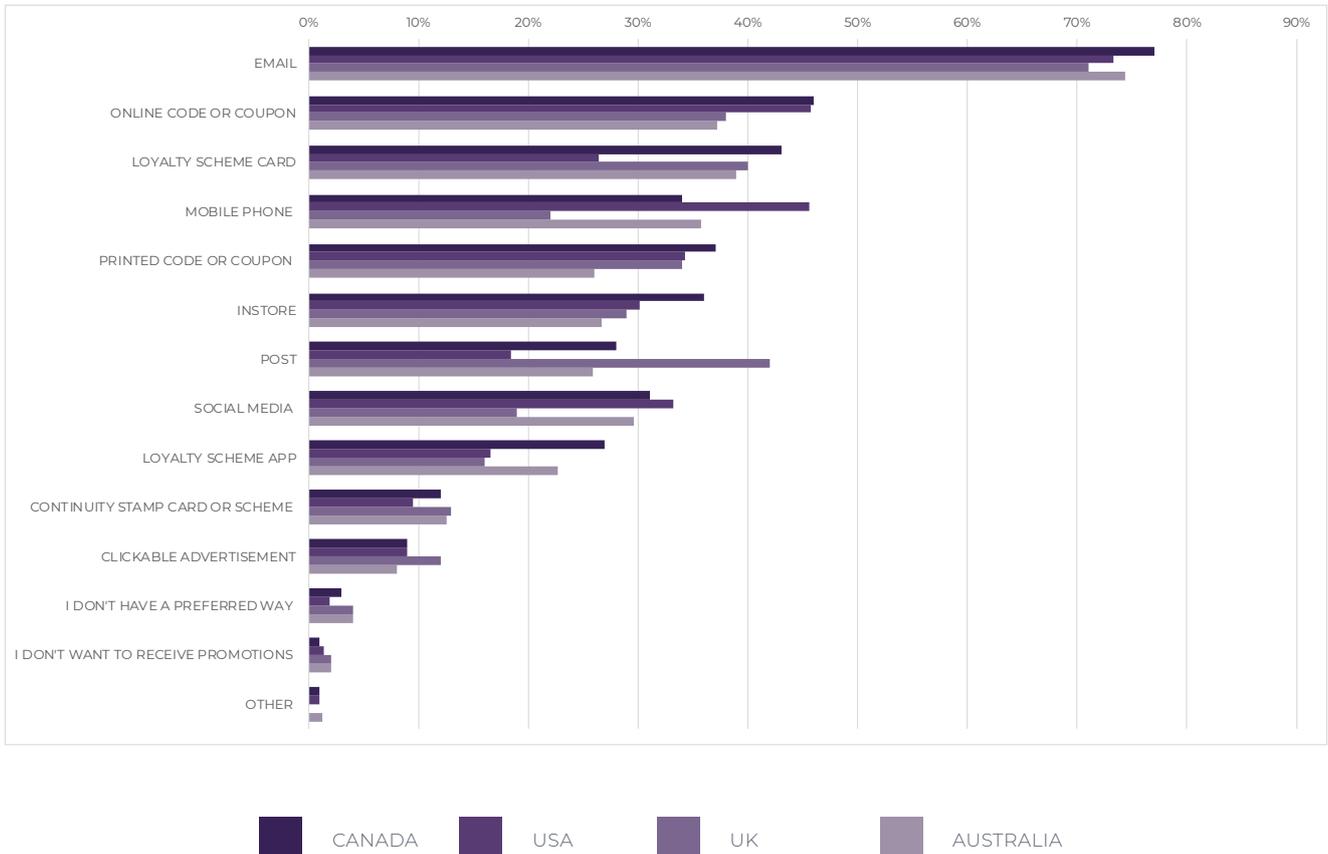
Two in five (40%) survey participants aged 35-44 years' old prefer receiving digital discount codes or coupons, or via a loyalty card. By contrast, more consumers who are over 45 prefer loyalty cards than those under 35.

This data shows strategic criteria for increasing sales and getting higher marketing ROI. Retailers should create promotional marketing that is relevant, cost-saving, useful, timely and convenient in varying degrees to customers according to their lifetime value and segment.

When customers are incentivized to interact with retailers via digital channels, they generate valuable data that can provide insights into who they are and what motivates them to buy. Retailers can use this information to engage customers and create more relevant, cost-saving, useful, timely and convenient offers that improve marketing ROI, also boost instore and online traffic, and increase sales across all channels.

More Canadian women have recently received online offers or promotions to redeem later than men (42% versus 37%)

FIG. 6 CONSUMERS WERE ASKED TO CHOOSE ALL THOSE THAT APPLIED TO THE FOLLOWING SENTENCE: 'I WOULD BE LIKELY TO USE A PROMOTION, IF IT WAS SENT TO ME VIA...'



Canadian consumers are much more likely to use a promotion delivered through a loyalty program app, with 27% saying they favor the app versus 23% of Australians, 17% of Americans and 16% of consumers in the UK.

Canadians (77%) are also most keen on email, as the most popular promotional delivery method on average, than consumers from other regions (74 %, Australia; 73%, US; 71%, UK).

Aligning delivery methods with different types of promotions can help reinforce relevance and inform more tailored engagement. Relevance and personalization, as our data shows, are key drivers for Canadian consumers.

41% of Canadian Gen Z (18-24) and 42% of millennial (25-34) consumers recently received online offers or promotions to redeem later, compared with 39% of older consumers (age 55-64)

# 03 ACTION

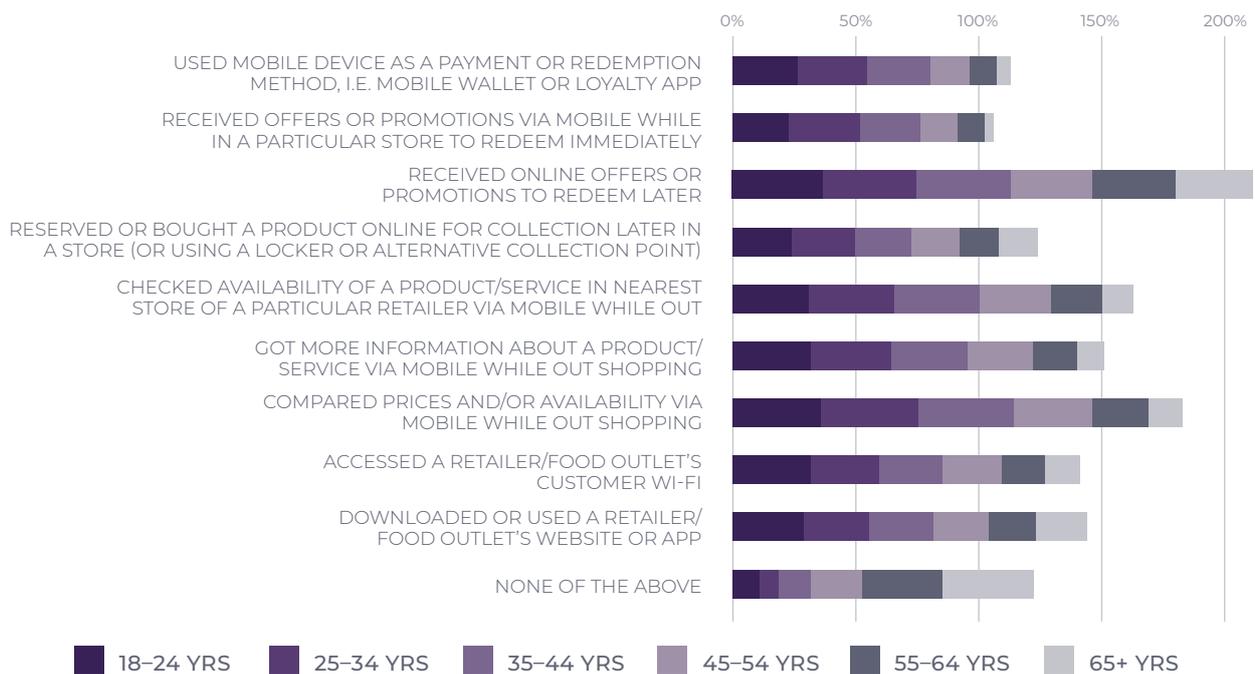
## Putting the single customer view to work

**KEY FINDING:** Consumers are blending digital channels and physical stores more frequently throughout their shopping journeys. Canadian retailers and brands should leverage the immediacy and popularity of digital channels to improve customer engagement both instore and online.

Performance marketing is about measurable results. When engaging a customer via an email or a mobile app or social media, the retailer should be able to measure and track customer responses, as well as gain insights from the ensuing customer interaction in order to improve future offers and communications.

Identifying when to act on insight can help increase engagement levels

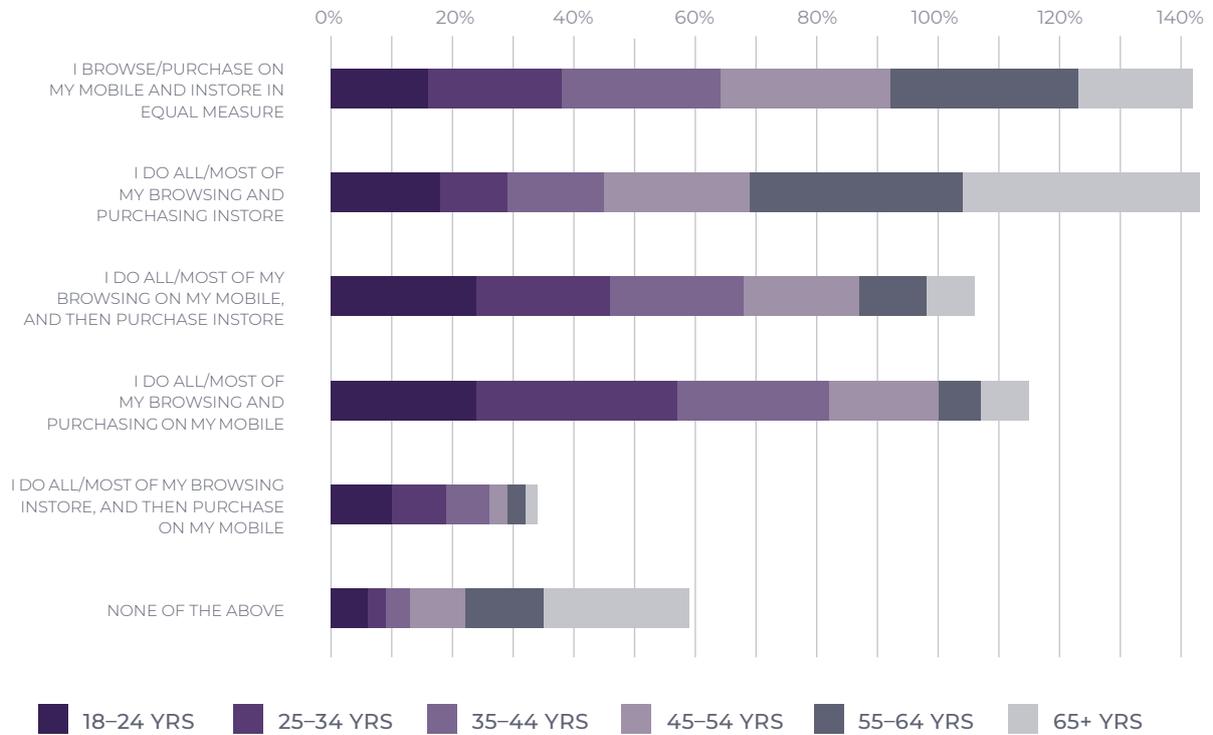
FIG. 7 WHAT SHOPPING ACTIVITIES HAVE YOU CARRIED OUT ONLINE RECENTLY?



Forty-two percent of 18-34 year-olds, 40% of consumers aged 35-44 and 25% of those aged 55-64 have compared prices and/or availability via mobile while out shopping recently. This finding reinforces the need for timely engagement via mobile before, during and after a store visit.

Retailers need to cultivate digital customer connections and develop relevant messaging for delivery via the appropriate channel or touchpoint. With a single customer view, they can track where and when a customer engages with their brand, and then tailor their interactions to reach them at the perfect place and time.

FIG. 8 CONSUMERS WERE ASKED: "WHICH OF THE FOLLOWING BEST DESCRIBES YOUR USUAL SHOPPING BEHAVIOURS?"



### Analysing the complex path to purchase

The sheer number of touchpoints available to consumers has complicated the path to purchase. While older generations are most likely to have bought from a store (84%) or online on a laptop/PC (52%), they also tend to research and browse on digital channels in similar percentages to younger generations. This can represent additional opportunities to engage.

Performance-driven marketing based on multichannel data allows retailers to respond to opportunities that can connect with customers in real time through digital delivery. Interacting with customers “in the now” can ensure a brand’s relevance and generate the highest marketing ROI.

Canadian consumers under 35 years’ old are most likely to say they do all/most of their browsing and purchasing on their mobile (57%)

# 04 LOYALTY

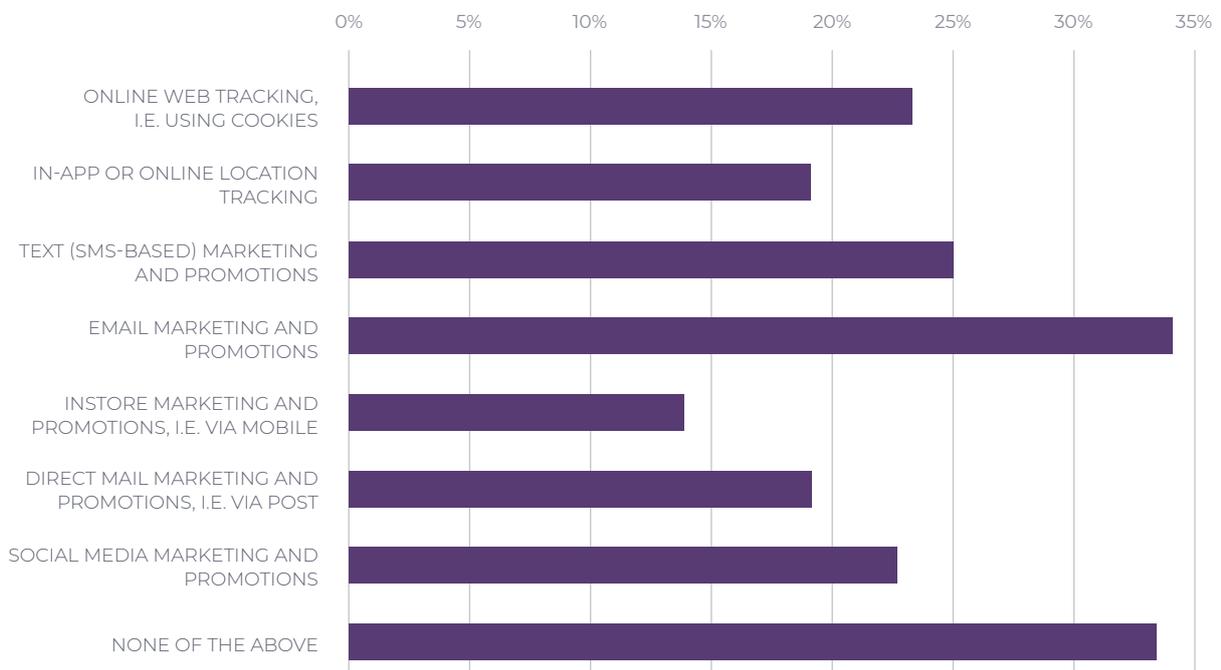
*Performance marketing based on data-driven insights can help minimize opt-outs*

**KEY FINDING:** With enhanced customer insights, Canadian brands and retailers can achieve personalized, real-time engagement that reduces opt-outs, fosters genuine emotional loyalty and increases sales and frequency.

Canadian consumers may still use traditional, mass-market rewards and promotions, but their higher opt-out rates in certain types of communications signal a lack of engagement. Personalized offers based on data-driven insights can help overcome their fatigue.

Digital performance marketing guides data-driven loyalty insight

FIG. 9 CANADIAN CONSUMERS WERE ASKED IF THEY OPTED OUT OF ANY OF THE FOLLOWING FORMS OF MARKETING COMMUNICATIONS FROM RETAILERS THEY LIKE IN THE LAST SIX MONTHS.



The study looked at the effectiveness of different types of marketing communications. Thirty-four percent of Canadian survey participants opted out of email promotions, compared with 14% opt-out rate for instore promotions via mobile and another 14% for in-app promotions.

### Marketing engagement “in the now”

Canadian consumers (24%) are second only to their American counterparts in acting on promotions that are personalized. In fact, a personalized promotion is nearly as likely to induce a Canadian shopper to make a spontaneous purchase as receiving a reward for purchase frequency (36%).

The 25-34 year-olds are also the age group most inclined to make a spontaneous purchase, if any of the following promotions are on offer:

- Very limited time only (e.g. have to buy today), 34%
- Personalized to me (e.g. 10 % off my most purchased item), 33%
- Location targeted via mobile (e.g. notification of discount while in or nearby store), 31%

Data-driven insights that lead to actions that encourage increased sales and brand loyalty is the key to executing performance marketing strategies that ensure a retailer can maintain its relevancy. In other words, retailers should put DIAL at the heart of their strategic marketing efforts.

FIG. 10 CONSUMERS WHO SAID THEY WOULD BE “VERY LIKELY” TO MAKE A SPONTANEOUS/ UNPLANNED PURCHASE, IF ANY OF THE FOLLOWING PROMOTIONS WERE ON OFFER



## CONCLUSION

### *Maximizing the benefits of digital performance marketing*

Canadian consumers, like shoppers worldwide, are increasingly digitally connected. They have effectively migrated the browsing, searching and discovery phases of their shopping journeys to digital channels, though they still prefer to complete their purchases in a store. Effective performance marketing provides a way for retailers and brands to engage with consumers through any channel – and at any phase of their journey.

Effective performance marketing also enables retailers and brands to follow their customers across touchpoints and understand them better by tracking their behaviors and preferences. Anonymous, mass-market, traditional marketing is not enough anymore. Retailers and brands must embrace personalization, shopping convenience, sustain relevance, and market “in the now” to engage with their customers and influence their purchasing habits more effectively.

This is where the DIAL approach matters most. The “give to get” dynamic of most loyalty programs, which rewards consumers who provide access to their shopping information, is evolving. Consumers today expect more from their chosen retailers and brands.

This is why retailers and brands must always keep their eyes on the prize — to attract new customers, increase interaction and improve retention. In this fast-changing retail environment, retailers must utilize digital customer connections and data to develop insights into their behaviors for more effective marketing that can drive sales and foster more loyal repeat customers.

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## SOURCES

*[i Eagle Eye Solutions Ltd commissioned independent market research agency Atomik Research, to carry out an online survey among 4,013 consumers who had bought products or services in the last two weeks and had not only visited a physical store before making the purchase \(i.e. also visited an app, website etc.\). The research fieldwork took place between 24th and 28th August 2018.](#)*

*The respondents were from the UK (n=1,003), USA (n=1,002), Canada (n=1,005) and Australia (n=1,003), Total (n=4,013).*

*The agency abides by the Market Research Society Code of Conduct.*

*[ii Canadian Retail Sales Growth in Recovery Mode, Retail-Insider.com, 28 June 2019](#)*

*[iii Google CEE and IPSOS consumer survey, based on data from 4,200 consumers, Think With google, June 2018](#)*

*[iv The Blended Commerce Imperative: Insights on today's consumer, Retail Council of Canada, December 2018](#)*

*v Sales 'completed' instore includes orders paid for online, but collected in a store.*

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