

In-Product Marketing: A Game-Changer for Customer-Minded Companies

With in-product marketing, software companies can create highly personalized campaigns that focus on the intrinsic value of products and the customers who use them.

Executive Summary

In-product marketing delivers product-related content and messaging directly to a customer's device or software application. When developing marketing campaigns around this model, software providers can closely monitor customers' interactions with a product, then use that information to gain valuable insights and feedback.

Yet many businesses fall short - making in-product marketing an obtrusive selling tool that can limit the uptake of additional features and services, frustrate customers and lead to less than stellar product experiences.

For example, a survey conducted by AchieveGlobal suggests that 40% of customers become annoyed when companies use support agents to market a product during a customer interaction - a problem that can lead to poor conversion rates.¹ Building marketing elements into a product in a non-obtrusive, impactful manner can help alleviate this issue and increase customer conversion and retention.

In-product marketing is most effective when a

product has a very large customer base and there is a significant opportunity to up-sell/cross-sell other products and services in the company's portfolio. Existing customers who are familiar with a product respond to a well-planned, well-executed marketing technique, and can help boost revenue when they purchase other offerings from the same provider.

Software companies can effectively reach out to current customers via complementary products or services. This can involve:

- Introducing a promotional video during a product workflow to showcase its benefits.
- Including a special offer/free trial exclusively for existing customers.
- Launching an A/B test campaign to determine the effectiveness of messaging and conversions.

This white paper outlines key considerations, success factors and recommendations for utilizing our in-product marketing framework, which can be applied across the software product industry and in several others.



The In-Product Marketing Opportunity

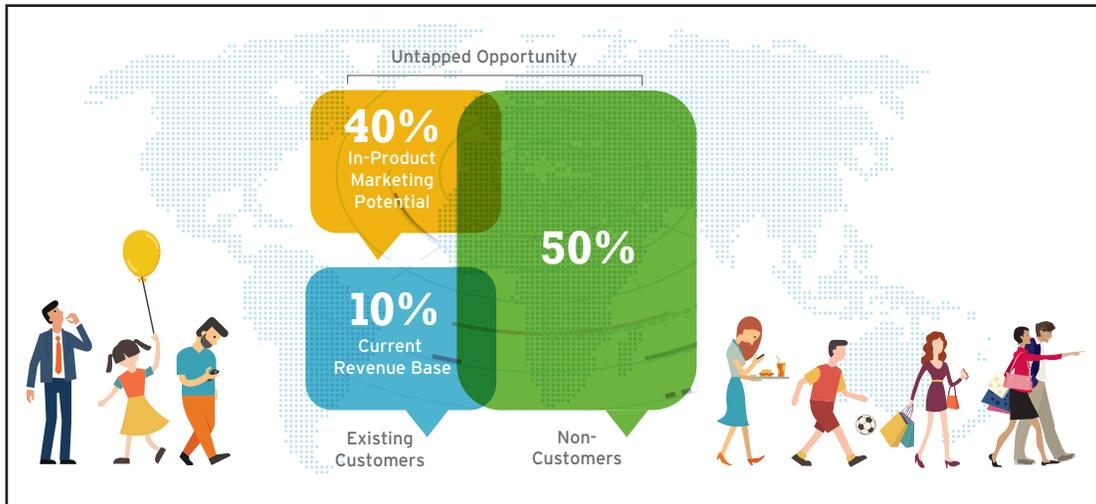


Figure 1

The Power of Established Customers

Relying on the intrinsic value of established customers is a key factor when it comes to in-product marketing (see Figure 1). Doing so offers organizations the opportunity to:

- **Up-sell/cross-sell products and services:** Marketing lore suggests that 80% of all revenue is generated by 20% of customers; the expense of retaining these customers is approximately 10% of the cost to acquire a new one. It therefore makes sense to cross-sell to an existing customer, who more often than not has a higher level of trust in the brand and is more open to trying new products and services. Moreover, well established marketing statistics tell us that the probability of selling a product to these customers is 70% - considerably higher than the 20% chance of selling to prospects.
- **Gain customers' undivided attention:** Customers have short attention spans and a variety of options to consider when purchasing a product. Demonstrating a feature while a customer is using the product keeps them engaged and interested; they can quickly see its benefits, or how to overcome an issue they have with the product.
- **Encourage existing customers to make recommendations:** Existing customers have a lot of credibility that can sway prospects. Encouraging them to share positive, "in the moment" experiences can wield considerable influence.

A few companies, such as Amazon, provide

product recommendations based on a customer's recent purchases. Facebook uses adverts and custom audiences to target users with similar implicit or explicit product preferences (see Figure 3, page 4).

A Framework for In-Product Marketing

A leading software company used our in-product marketing framework (see Figure 2, next page) to develop and deploy successful campaigns. The framework can be "built in" to a product to effectively communicate features, promotions and up-sell/cross-sell opportunities available within the product set.

Using this framework, companies can:

- **Improve targeting and placements:** Analyze different access points and workflows used by the customer within the product; place offers that help assure maximum visibility and grab the attention of customers.
- **Prioritize campaigns with short lead times:** In-product marketing campaigns involve frequent interactions with customers. An option is to change the delivery mechanism, whereby customers automatically receive campaign updates while installing or opening the product. Campaigns can also be prioritized based on relevance, product version and seasonality.
- **Monitor outcomes:** Once a campaign goes live, the analytics engine within the framework can be used to deepen insights by verifying click-through rates, impressions, units sold and revenue generated.

The Cognizant In-Product Marketing Framework

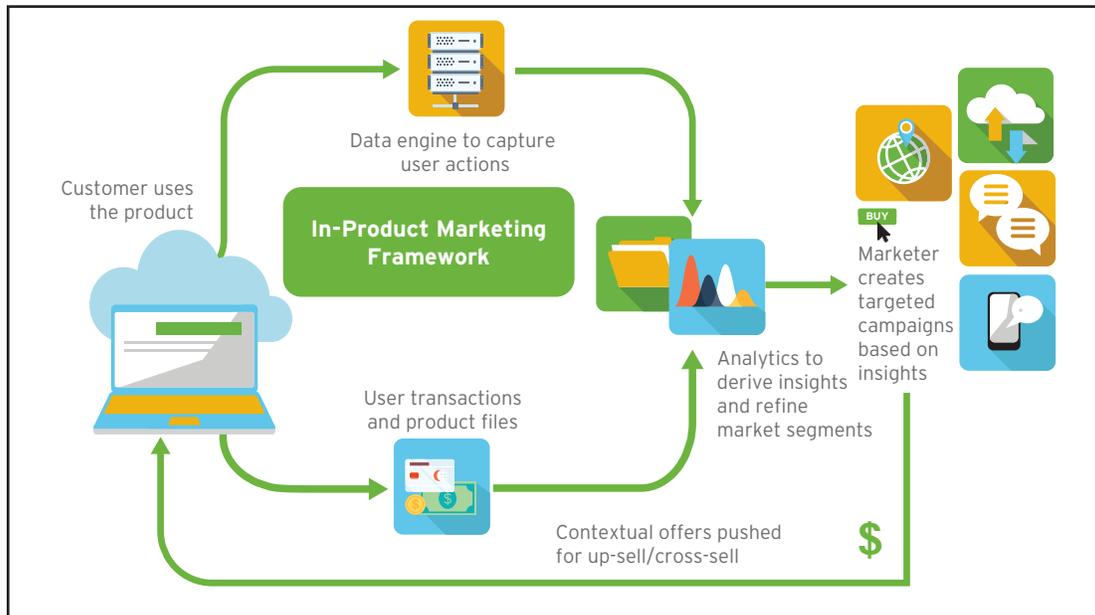


Figure 2

The existing framework can also be integrated with a cloud server to afford a holistic, multi-channel experience that maximizes product exposure, and meets or exceeds the expectations of both the company and its customers.

Driving the Purchase

The primary goal of in-product marketing is to develop relevant campaigns that either solve a customer's current problem or help them explore new product features. Several marketing techniques have been successful in building awareness about a product or service; however, few have demonstrated the ability to actually influence purchasing.

Our in-product marketing framework offers a step-by-step approach that enables companies to:

- Devise a marketing strategy based on the product strategy:** When rolling out an in-product campaign, it is extremely important to understand its objectives and intended outcome, and align these factors with the expectations set for the product (upgrade x% of customers, achieve x number of conversions, increase awareness about a new feature, improve the number of sign-ups, for example).
- Evaluate technology potential:** A product's technology stack must be evaluated to understand the various ways to bring the campaign to customers. Design elements, performance (video content or animated GIFs), frequency (how often should the customer see it), tracking (impressions, click-throughs) and targeting (understanding customer profiles, product usage) must all be taken into account. Most of all, the technology underpinnings should be flexible enough to quickly stop a campaign or change its content based on customer feedback.
- Think like the customer:** When using this type of framework, software companies typically face the common dilemma of "how much and how often to campaign" to avoid overwhelming existing customers. It is important to focus on the customer experience, and introduce relevant campaigns at the right product pages in the product lifecycle. The customer should also be able to opt out of a campaign if and when they choose to.
- Establish a strong synergy among teams:** Several stakeholders are involved in making in-product marketing a success. It is therefore imperative for product managers, marketing and engineering teams to collaborate in order to understand the various factors and nuances that go into implementing a campaign, and assure that their efforts do not jeopardize customer experiences to date.
- Measure and monitor campaign effectiveness:** A campaign is usually time-bound; once it ends, outcomes must be evaluated to determine the next steps. This involves asking some key questions:

Deriving Value from Customer Interactions



Figure 3

- > Did the campaign achieve its objective?
- > Were customers able to view, click-through and complete their purchase?
- > How many customers dismissed the campaign?
- > How did the conversion percentage and revenue measure up against a previous, similar campaign?
- > Did customers provide feedback/voice complaints by calling the support team?

Figure 4 (on page 5) highlights factors that are critical to effective in-product marketing campaigns.

How Other Industries Can Benefit

While this paper discusses the use of in-product marketing by software providers, the framework we describe can also be applied to software products used in other industries.

- **Banking & Financial Services:** Marketers can analyze existing transactional information (i.e., debit card, online banking, direct deposit, bill pay) to determine a customer's next likely purchase or interest in buying other products and services. A customer is more apt to buy an insurance product offered by the bank if their existing bank data can be used to recommend a suitable plan and complete the process efficiently, with no additional data required.

Key Success Factors

Develop an Analytics Engine to Refine Customer Insights	Selectively Target Promotions & Offers	Use Non-Intrusive Messaging	Make it Easy to Purchase & Use
			
<ul style="list-style-type: none"> • Create customer profiles based on feature usage, industry/business type, number of years with the product (old vs. new to the franchise). • Identify the right time to make a recommendation - during upgrade cycles, or when a customer has an issue with a specific product feature. • Place campaigns according to user workflows/activities or frequently accessed product points. 	<ul style="list-style-type: none"> • Provide free trials when necessary to influence upgrades. • Offer demos/videos to explain how the feature/product will benefit the customer. 	<ul style="list-style-type: none"> • Focus on demonstrating features, not pushing the sale. • Make it easy for customers to opt out of the campaign. 	<ul style="list-style-type: none"> • Employ a scalable delivery platform with a short lead time. • Offer seamless upgrades (new product/feature) following a purchase, with minimal effort required by the customer.

Figure 4

- **Healthcare:** Today's consumers use the Internet to seek medical advice and purchase healthcare products. A healthcare portal based on user discussions and queries can thus offer relevant products and services. Marketers can also analyze the history of health insurance claims (frequency, type of claim, amount) to recommend personalized health coverage to the customer.
- **Travel & Hospitality:** When customers use a travel portal to book flights and hotels, they normally choose one with information that reflects their interests and preferences. Their aggregated, or "Code Halo™" data³ can be used to offer timely and customized offers. For

example, a customer who stays at a favorite hotel chain in various locations should automatically be enrolled in the brand's loyalty program, and given an experience based on their history (rooms, food, etc.).

Looking Ahead

With the move to online and Web-based models, customers have more choices, and can easily shift to other product and service providers. In-product marketing offers companies a direct, highly effective way to gain and retain customers, drive up-sells and cross-sells, and realize the most value from their prospective and established customers.

Footnotes

¹ <http://www.invensis.net/blog/customer-service/10-best-practices-cross-selling-selling>

² A Code Halo refers to the digital information that surrounds a person, process, organization or device. To learn more, please read the book "Code Halos: How the Digital Lives of People, Things, and Organizations are Changing the Rules of Business," by Malcolm Frank, Paul Roehrig and Ben Pring, published by John Wiley & Sons, April 2014.

Note: Code Halo is a trademark of Cognizant Technology Solutions.

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