Tackling The Personalization Imperative

By Alicia Fiorletta, Associate Editor

The continual evolution of the omnichannel consumer has prompted retailers to rethink and revise their marketing and engagement strategies across digital and physical channels.

> 40% of respondents said they buy more from retailers that personalize the shopping experience consistently across all channels.
>
> - the e-tailing group, MyBuys

In light of shoppers' increasing digital expertise and overall savvy when it comes to finding the best buy, retailers must remain competitive by providing the right product at the ideal price. Furthermore, these products must be revealed at the perfect time during consumers' browsing and buying journeys, according to research from the e-tailing group and MyBuys.

Through more than 1,100 consumer interviews, the e-tailing group confirmed the ongoing demand for more personalized brand experiences: 40% of respondents said they buy more from retailers that personalize the shopping experience consistently across all channels. Additionally, 59% of consumers reported that personalized product recommendations make it easier for them to find products that interest them. Respondents noted that the most effective methods for receiving personalized messages were via web site recommendations (55%) and unique emails (54%).

"Retailers need to stand out from the crowd and find ways to deliver a unique, exceptional shopping experience," said Deena Amato-McCoy, Research Analyst for the retail branch at Aberdeen Group, in an interview with *Retail TouchPoints*. "The best way retailers can achieve this is to personalize brand interactions to individual shoppers and groups that share similar preferences and/or demands."

Progressive retailers are embracing and investing in personalization tools and strategies to meet and exceed consumers' heightened shopping expectations. By tapping product recommendations to drive cross- and up-sell opportunities, and customizing offers and messages based on customer data points, these merchants are better connecting with consumers. In turn, they are driving incremental purchases and long-term loyalty.

"By knowing consumers at an individual level, retailers can present targeted products and offers anywhere and anytime as customers move through the shopper lifecycle, increasing the likelihood of purchase and reducing cart abandonment rates," said Phil Hollrah, Senior Director and Head of Product Marketing at MyBuys. The added influence of personalization is advantageous, given that "67% of respondents to our 2013 consumer study said they are confident and ready to make a purchase once they find the right product," which personalization helps them accomplish.

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Personalization Opportunities

Research from *Retail TouchPoints* uncovered retailer sentiment regarding the move to personalized marketing. Strategies most utilized by retailers on their e-Commerce sites include:

- Product recommendations (54.4%);
- Promotions (55.7%);
- Content (38.9%);
- Alerts (34.2%); and
- Ads (32.9%).

However, many retailers struggle to determine the most advantageous investments, as well as the most effective mix of personalization strategies throughout the browsing and buying process. The challenge is that consumers are becoming more "fickle," according to Amato-McCoy: "They change on a dime regarding where they want to shop, the digital touch points they use and what they expect service-wise during a shopping trip."

Additional drivers compelling retailers to embrace personalization include keeping pace with price-competitive eTailers such as Amazon, and addressing the evolving issue of "showrooming."

Between an "extremely fragile and volatile economy, and cut-throat competition across the retail marketplace, retailers have to fight for wallet share like never before," noted Amato-McCoy. "Personalization is the name of the game for any retailer that wants longevity in this scary marketplace."

Context — or consumers' reasons for shopping on a specific channel — is becoming a more influential driver of customization, added Nikki Baird, Managing Partner of Retail Systems Research (RSR). "If retailers can grasp a shopper's context," she explained, "they have an opportunity to do something much more differentiating with personalization, which is an area that retailers such as Amazon historically have dominated."

Four Strategic Actions For Personalization

The Aberdeen Group report, titled: *Hyper-Connected Online Retail Personalization*, uncovered four strategic actions best-in-class retailers are taking to address new and emerging shopper behaviors. These actions include:

1. Developing product strategies based on deeper customer segmentation such as affinities, preferences and demographics (36%);
2. Coordinating product placement with customer behavior (29%);
3. Establishing quantifiable methodologies for measuring customer activity (24%); and
4. Increasing online ad relevance with search criteria (24%).

Retailers can customize and refine messages and offers in a variety of ways in order to align with customers' unique wants, needs and preferences: on the e-Commerce site, via email, and also through mobile marketing strategies.

Tactics such as detailed segmentation and data mining "drive personalization efforts, which in turn, provide longer-term lifts in profitability," according to Stephane Latreille, VP of Retail and CPG at Aimia, a loyalty management service provider. "Retail management is often focused on unit sales, sales per square feet, and margin. Driving top-line sales and profitability is critical, but so is a deeper understanding of who and how profitable customers are, especially from a long-term perspective."

However, many organizations still face a key internal challenge: Breaking down departmental silos and creating a cohesive, all-encompassing customer experience based on detailed customer profiles.

Eliminating Organizational Silos To Optimize Personalization

Creating a seamless and compelling brand experience relies on a retailer's ability to tackle Big Data, integrate customer information across all touch points and eliminate silos across the organization. With that competency, marketing teams can create 360-degree profiles of shoppers, empowering retailers to fully optimize and personalize all brand-to-shopper interactions.

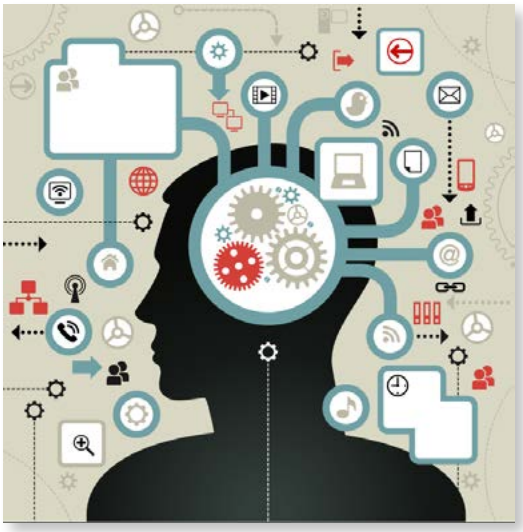
The RSR report, titled: *Marketing In Retail: Making The Case For The CMO*, revealed that 43% of retailers are proficient at targeted marketing across channels. However, 29% of organizations said that determining and accommodating how different customer segments engage with their brands was a top challenge. Also, 32% of retailers noted that customer data was not integrated, making it difficult for them to get a complete picture of customer insight.

"Consumers' desire for personalized offers and communications is far ahead of retailers' abilities to provide personalized messages. Having a clear strategy, alignment between channels, and knowledge of customer preferences will optimize customer contact strategies, and drive sales."

-Stephane Latreille, Aimia

For most retailers tackling personalization, addressing Big Data and integrating cross-channel information is too daunting, said Patti Renner, Director of Marketing at Knotice, a provider of data management, analytics and digital messaging solutions.

"Retailers have information from their stores, analytics platforms, email providers and agencies," Renner said. "But most don't have a way to combine all that data into unified profiles that provide a complete view of individual customers. Without the ability to unify data across the entire scope of customer activity, any missing pieces could have a serious impact on the ability to drive messaging and ROI from campaigns."



Overall, consumers' desire for personalized offers and communications is "far ahead of retailers' abilities to provide personalized messages," Latreille said. "Having a clear strategy, alignment between channels, and knowledge of customer preferences will optimize customer contact strategies, and drive sales."

Retailers Across Verticals Personalize With Digital Solutions

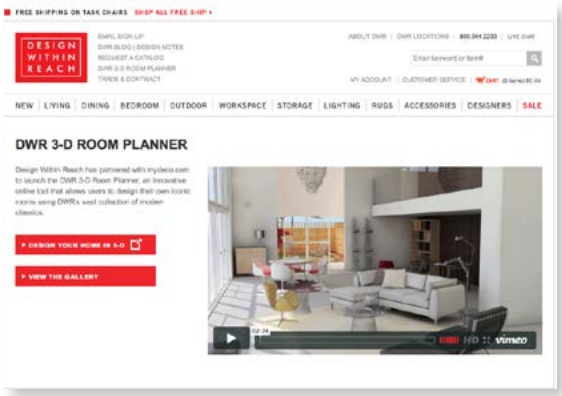
As shoppers continue to leverage digital tools and channels to research, browse and buy products, they also are beginning to demand more relevant products and offers. With these heightened expectations, personalization is becoming an integral component of retailers' cross-channel marketing strategies.

Best-in-class organizations are taking the following measures to create more relevant and personalized customer experiences, according to recent research from The Aberdeen Group report, titled: *Big Data for Marketing: Targeting Success*:

- Improving targeted offers to ensure the right person, right channel, right time and right message (52%);
- Gaining insight about the effectiveness of specific marketing campaigns and channels (39%);
- Identifying cross-sell/up-sell opportunities to existing customers (30%); and
- Optimizing marketing activities at each touch point along the customer lifecycle (22%).

Retailers are bridging organizational silos to better access customer behaviors and attributes, leading to more efficient data collection and segmentation, and in turn, more lucrative personalization strategies. Design Within Reach, National Pen and Party Supplies Delivered are among the retailers delivering more relevant messages, offers and product recommendations to consumers across channels.

Design Within Reach Leverages Data To Build Customer-To-Associate Dialogue



Interior decorating includes extensive browsing, researching and product comparison. As a result, Design Within Reach, a multichannel furniture retailer, is focused on providing cutting-edge tools and resources that will help guide shoppers seamlessly across the browsing and buying journey.

"Our customers are smart, educated and hyper-connected," said Mark Simmons, VP of e-Commerce and Digital at Design Within Reach, in an interview with *Retail TouchPoints*. "This is a major challenge that we try to embrace as a business. On top of that, our shoppers care about high-quality products and design. We want to meet their needs and criteria, so that is great motivation for us."

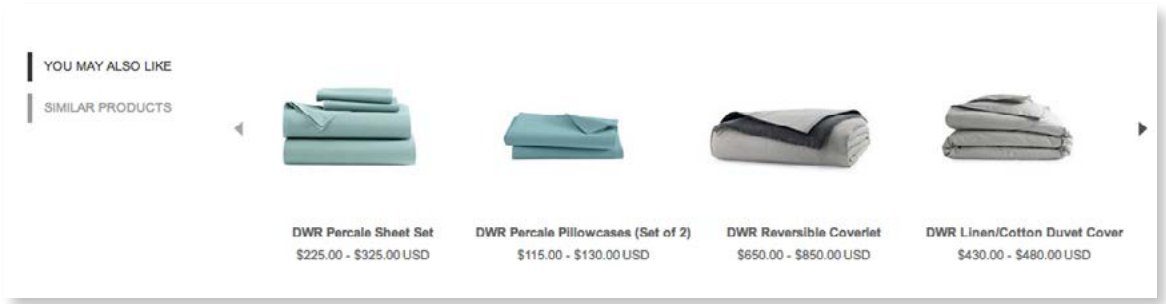
The retailer's core business model makes personalization and customization a lot easier to tackle: Design Within Reach operates as an integrated, multichannel company, Simmons explained. "We always have focused on trying to maximize the experience for consumers online and in stores. But our company always has been multichannel, so we don't have the legacy issues a lot of other retailers have."

"Personalization efforts are executed with a goal of creating high-touch, wonderful experiences for consumers no matter where they are. When we think of personalization it's often not just about technology. Rather, technology is being stitched together to deliver upon our company objective."

-Mark Simmons,
Design Within Reach

Design Within Reach is leveraging digital tools to empower shoppers, as well as "account executives" (the retailer's name for store associates). For example, a 3D planner, which is available on the e-Commerce and tablet-optimized sites, helps users upload images of rooms and add/rearrange furniture. This offers a more complete view of room designs and empowers consumers' product selection.

To create a more compelling online shopping experience, Design Within Reach partnered with MarketLive, an end-to-end commerce platform. Simmons noted that MarketLive has helped the company "innovate in the areas of mobile and e-Commerce. We needed a partner versed in the space that understood multichannel needs, could help us expand across devices, and also provide personalized content and detailed product recommendations."



The Design Within Reach web site includes product suggestions based on past browsing and buying history. In order to provide relevant interactions in stores, account executives also are armed with a variety of data, Simmons noted. Employees have access to past purchase data, as well as current order information, so they can address all customer questions and inquiries.

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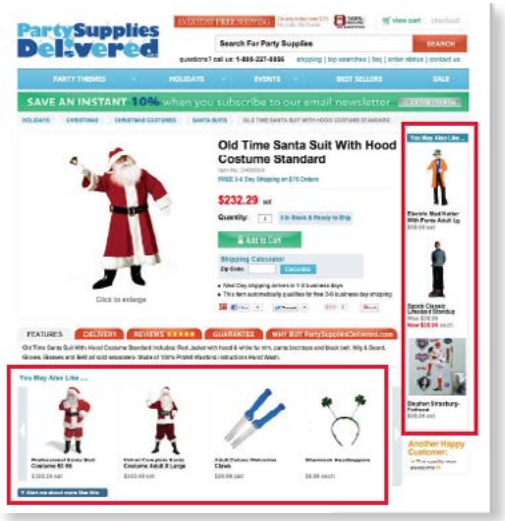
Simmons and the Design Within Reach team are identifying future investments by considering "how to effectively push pertinent information to consumers' hands via digital tools," he said. "Our focus for 2013 will be on implementing multichannel strategies that will help drive traffic to stores, and also ensure consumers have seamless access to web experiences once they are in a location."

Party Supplies Delivered Boosts Sales With Product Recommendations

With the variety of product and price options available online seemingly growing by the day, it is vital that merchants utilize compelling messages and relevant item suggestions to drive sales.

Party Supplies Delivered harnesses product recommendations and tailored messages to drive site traffic, as well as cross-sell and up-sell opportunities on the e-Commerce site. The eTailer utilizes three services from MyBuys, a cross-channel personalization solution provider: web recommendations, email alerts and retargeting.



Personalization is helping Party Supplies Delivered better understand target customers, and in turn, optimize marketing investments. "By using the whole suite of solutions, we can develop a better profile of our customers," said Ian MacDonald, VP of e-Commerce and Marketing. "We're able to not only see how they interact on our site, but with our email, which helps us learn about them and their preferences."

Consumers who click on web recommendations provided by Party Supplies Delivered purchase items 10% more than other shoppers who visit the site, according to MacDonald. Moreover, consumers touched by two MyBuys services have an average order value (AOV) 47% higher than shoppers who don't have a personalized experience. Consumers who interacted with three MyBuys services had a 143% higher AOV.

"When you use all these elements together, it pays off big," MacDonald said. "Consumers who interacted with all aspects had higher conversion rates, average order value and spent more time on the site versus customers who only interacted with one, or none of the initiatives."

Web recommendations are created based on an individual consumer's past browsing and buying history. Cross-sells and up-sells also are determined and delivered based on data from other shoppers with similar shopping patterns.

If consumers abandon the site, Party Supplies Delivered sends email alerts to re-engage them. Approximately 12% of consumers receive retargeting messages every week, such as cart abandonment reminders, or alerts when specific product categories are on sale. For example, if a shopper browsed St. Patrick's Day merchandise on a previous visit, they receive notice when themed products are on sale.

"The email alerts help shorten the time to purchase," MacDonald said. "Customers may delay buying after visiting the site, and the weekly alert reminds them of what they had in their cart or calls their attention to marked-down or new merchandise. That leads them back to buy sooner."

Similarly, retargeting ads are published to spotlight relevant products and offers, and encourage abandoners to return to the e-Commerce site. The MyBuys platform presents the most effective product recommendations for ads based on shopper history, MacDonald explained. "I simply approve the ad templates," he said, "which are driven by detailed product attributes most relevant to that unique prospect."

National Pen Moves To Digital Personalization Strategies

"We are tailoring certain areas of the company web site to make the purchase process as fast and seamless for the consumer as possible."

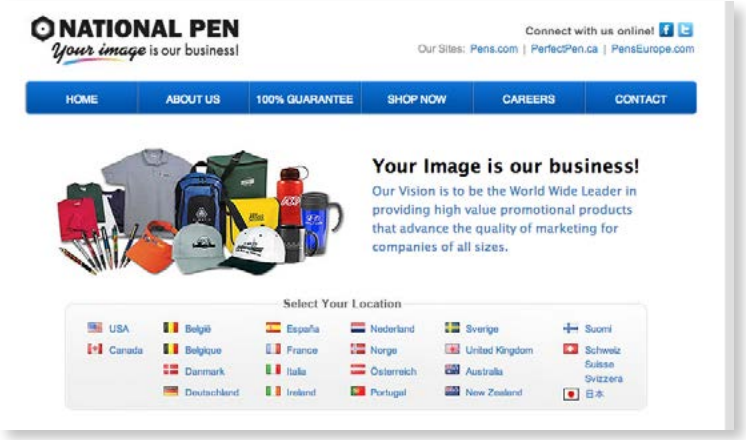
-Claudia Lugmair, National Pen

Customized products are central to the National Pen business. The company offers high-quality, tailored products such as pens, key chains, notepads and magnets, among other items. To better connect with target customers — small- to medium-sized businesses — the company is leveraging more relevant and compelling email marketing campaigns, according to Claudia Lugmair, Online Marketing Manager at National Pen.

Using Responsys Interact, National Pen can segment customers and execute email marketing campaigns in a more automated and seamless way. Within three months of implementing the Responsys system, the merchant executed three automated email campaigns that generated approximately $15,000 in additional revenue.

"The Responsys Interact system has robust functionality that allows us to easily segment our customers by various criteria to make sure we are addressing their needs and interests," Lugmair said in an interview with *Retail TouchPoints*. Additionally, the dynamic content and testing functions "allow us to deliver content to individual customers that are specific to the industry they represent or marketing realities they face. Our job is to help our customers market and grow their business, which varies greatly depending on whether you work in a dentist office or in the front office of a church."

National Pen also has tripled open rates since launching an email welcome series. The program, designed for new consumers, is multi-stage and offers a variety of educational and promotional content.



National Pen is continuing the transition to digital personalization strategies, starting with the web site, Lugmair explained. "Currently, we are tailoring certain areas of the company web site to make the purchase process as fast and seamless for the consumer as possible.

This year, a key initiative is to provide each of our customers with a personalized web site experience, by displaying products, images and content that are relevant and keep them engaged."

When planning marketing campaigns, National Pen is taking a more integrated multichannel approach, Lugmair noted. In addition to email and site personalization, the company will be testing more retargeting via display advertising, and will use data to make social media strategies more relevant for consumers.

The marketing roadmap also includes "more automated emails such as cart abandonment," Lugmair said. "We anticipate that these automated programs will increase email revenue by 10%."

Strategies implemented by Design Within Reach, National Pen and Party Supplies Delivered showcase the variety of opportunities retailers have to create more tailored and relevant customer experiences across channels. These case studies spotlight how personalization significantly can impact bottom-line results.

Personalization Best Practices For 2013 And Beyond

Due to the sheer variety and volume of resources available across digital and physical channels, consumers today have real-time access to a plethora of product choices and delivery options. As a result, many shoppers are abandoning brand loyalty, and are turning to merchants that offer the most relevant and personalized experiences, according to research from Harris Interactive.

56% of consumers would likely switch brands if a company offered more options and channels to connect with them. Furthermore, 25% said they do not feel loyalty toward any brand.

-Harris Interactive

The online survey of 2,191 U.S. adults, conducted by Harris Interactive, indicated that 56% of consumers would likely switch brands if a company offered more options and channels to connect with them. Furthermore, 25% said they do not feel loyalty toward any brand.

This diminishing brand loyalty is brought to life in analysis of today's shopping journeys: consumers often abandon a cart — especially online — due to poor site navigation and subpar experiences, according to research from the e-tailing group and MyBuys. As many as 33% of respondents said they left a web site because they found it difficult to browse for products. Once consumers exited a retailer's e-Commerce site, they typically visited Amazon (42%) and Google (60%) to research the same purchases.

The Emergence Of Omnichannel Personalization

To combat consumers' high expectations and short attention spans, retailers must ensure they provide the best possible experience by delivering seamless and consistent messaging, pricing, offers and content across all channels. In addition, retailers should work to make brand interactions personalized and tailored to the unique wants and needs of every one of these demanding customers.

"Without an integrated, omnichannel operation, personalization remains a siloed, channel-specific experience," Amato-McCoy said. "Since shoppers expect to have the same experience online as they do on their mobile devices or in stores, providing separate and departmentalized experiences is the quickest way to kill loyalty."

Retailers today "have the opportunity to develop a unified context of the shopper and deliver an integrated experience that spans across channels. Enterprises need to pursue customers' footprints across channels, and leverage data science to extract meaningful and actionable insights from that."

-Girish A.R., Infosys

Retailers today "have the opportunity to develop a unified context of the shopper and deliver an integrated experience that spans across channels," confirmed Girish A.R., Associate VP and Head of Products and Platforms for Retail, CPG, Logistics and Life Sciences at Infosys. "Enterprises need to pursue customers' footprints across channels, and leverage data science to extract meaningful and actionable insights from that."

To reach that goal, retailers must strive to identify customer preferences and trends by honing in on more detailed data points, such as behavior, rather than standard demographics, according Baird. "Behavior is a data point in which you can determine what you want to influence and change. Demographics are merely the proxy that you use to figure out how to reach those customers in order to change their behavior. Retailers should only use demographics in the absence of being able to influence a customer in the moment."

The facilitation of personalization relies on a retailer's ability to tap Big Data to predict the kinds of cross-channel experiences consumers will respond to most favorably. For example, by listening and understanding cues such as items browsed and purchased, links being clicked and other behaviors, retailers can ensure better marketing, noted David Hibbs, Senior Strategic Consultant at Responsys.

"Listening to these cues can help you understand your customers at a much deeper level," Hibbs said. "This is where having a big focus on customer analytics and insights can help drive better performance from your program, as well as help identify new opportunities for your brand."

How To Develop A Long-Term Strategy

Retailers are striving to build long-term personalization strategies that will become central to all business decisions. As personalization tools and tactics continue to evolve, retailers are committed to the goal of delivering on the promise of a customer-centric marketing approach.

For personalization to be the foundation of a retail business, merchants must move beyond campaign-based mindsets and "think in terms of a customer's total lifespan with their brands," Latreille said. This way of thinking, he explained, will "guide data collection strategies: what you collect, why you are collecting it, and what you are going to do with it."

After defining core audiences via thorough data collection, analysis and segmentation, retailers can determine customers' overall lifetime value, which will help create a blueprint of offers and communications that should be delivered, Latreille explained.

Throughout this process, retailers should "address shoppers' needs and desires by asking: What are their pain points? What do they find frustrating and what would make their lives easier?"

However, personalization efforts can only thrive if retailers participate in continuous testing, analysis and learning, according to Hibbs. "Let the subsequent data and insights guide you in developing the most effective strategies. Leading with a customer-centric focus will help you deliver a successful personalized experience."

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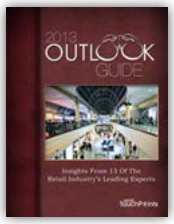

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