

Retailers Seek Innovation In Personalization

By Glenn Taylor, Associate Editor

It's no secret that today's shoppers want their favorite retailers to tailor promotions and communications to their individual purchasing habits. In fact, 86% of consumers — and 96% of retailers — said personalization has at least some impact on the purchasing decision, according to a [study from Infosys](#). The study also found that almost one third (31%) of consumers wanted more personalization in their shopping experiences.

41% of leading retailers analyze site search data to personalize the e-Commerce experience.

-Aberdeen Group Insight Report

Retailers are acknowledging the calls for more effective personalization, and are looking for solutions geared towards optimizing the customer experience. Personalization can encompass an extensive area of online and offline media, including: web site optimization, segmentation, email marketing, merchandising and promoted messages. Whether the initial goal is to drive conversion rates or simply raise awareness of a product release, personalization efforts ultimately are designed and executed to influence individual consumer's purchasing habits.

The Importance Of Data Collection

Because the retail industry is a highly competitive atmosphere dominated in some segments by a few giant name brands, merchants must find new ways to differentiate their brands among their existing and potential new customers.

In order to work along with solution providers to establish personalization strategies, retailers are focusing on collecting and analyzing customer data. According to a report from [Aberdeen Group](#), 41% of leading retailers analyze site search data to personalize the e-Commerce experience. With the right data in hand, merchants can pinpoint

problem areas that could be improved through individualized campaigns. Then they can take a test and learn approach to implementing personalization programs.

With personalization, retailers need to take "more of a phased approach, in which you first have to do some analysis of who your customers are and what they're doing on the site to determine what



the priorities and objectives are of personalization," said Jeff Soriano, Head of U.S. Marketing at [Maxymiser](#). "That is probably one of the biggest missing steps right now. People say, 'I have data about people, so let me start crafting some messages for them and deliver it. Now I'm doing personalization.'"

Successful customer analysis can be accomplished in various ways, with technology solutions at the in-store POS and throughout the online purchasing experience. Additionally, **qualitative** research methods, such as interviews and reviews, and **quantitative** research methods, such as surveys, assist in areas that technology doesn't cover. All retailers gather data at some level, but best-in-class retailers are able to provide context beyond numbers that can establish a human connection even through a desktop or mobile screen.

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-Jeremy York, RichRelevance

"People are realizing that they have a lot of valuable data that they're not bringing to bear right now because they don't have a good way to do it," said Jeremy York, Principal Data Scientist at [RichRelevance](#). "[This trend] goes beyond just wanting to communicate with customers across multiple channels. It's about what data I have on that customer and how I can best take advantage of that information."

York added that merchants cannot ignore competition from the likes of **Amazon**. "Ultimately, everybody is competing with Amazon these days," he explained. "Retailers have to be thinking about it in those terms: 'What advantages do I have that I can bring to bear that will help me fight that battle?'"

Using Personalization And Targeting Successfully

Of course, competing with Amazon is no easy task, given the personalization methods the mega online organization already has implemented. However, retailers can leverage a number of different tactics in order to stand out among the competition and positively influence the customer experience.



After a shopper buys a product from Amazon, for example, she may quickly receive product recommendations based on her purchase. But often those recommendations are not identified on a personalized level, leaving many products in the retailer's catalog unnoticed. More than 54% of products in a

retailer's online catalog do not get a single page view throughout a 24-hour span, according to RichRelevance. Often the same products are being recommended to consumers over and over again. This is where **content personalization** can have a significant impact, which is a hot-button issue for retailers specifically looking to provide targeted interactions to individual shoppers.

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-Todd Scholl, Certona

"There is just so much content out there today and people don't have time to go through it all," said Kelly O'Neill, Sr. Director of Commerce at [Acquia](#). "In my mind, when people give personalization a bad rap, it's the 'I'm going to sell you' attitude. On a positive side, it's almost a guided serendipity. You're taking what you know about a consumer and you're guiding them down a path to not only give them exactly what they're looking for, but also exposing them to things that they didn't realize were available that are really relevant to that particular consumer."

Content personalization is an integral factor in a highly relevant online shopping journey. Personalization software providers such as [AgilOne](#), [Certona](#), Maxymiser and [Evergage](#) all have spearheaded campaigns for retailers that help them collect information on past shopping behaviors, product views, clicks and purchases in order to recommend the ideal products and put the most relevant content front and center. In an example of the value these providers bring to the table, [research from Harris Interactive](#) indicates that 86% of U.S. adults expect brands to offer multiple options and flexible timing for customer service interactions.

"The metric that we hang on our hat is what we call recommendation demand, or total revenue generated through recommendation advice," said Todd Scholl, Director of Marketing at Certona. Scholl noted that 13% of the company's retail customers' total revenue in 2013 was generated via recommendation advice.



One way to think about online personalization is to "turn your e-Commerce site into your very best salesperson," noted Karl Wirth, CEO of Evergage. Because a shopper isn't capable of asking questions online like they would if they were browsing a physical store, there is a potential for the customer to leave the site before making a decision, which is called a "bounce."

Web site personalization tactics that can help prevent a high bounce rate include:

- Welcoming site visitors based on their geographical location;
- Sending special offers based on the sources that link visitors to the site; and
- Engaging consumers who haven't clicked any link on a landing page.

Using External Factors To Drive Personalization Strategies

As opposed to personalizing based on prior behaviors and expected shopping habits, targeting campaigns can sometimes be based on external factors. Timely events and seasonal conditions that affect specific geographic areas can provide fuel for personalized campaigns and messages.

For example, "We're noticing a lot more weather-related campaigns in retail," said Kim Ann King, CMO at [SiteSpect](#). "It's very interesting that you can target with geo-targeting, so if you know that you know that [site] traffic is coming from areas affected by the polar vortex, then you can advertise warm jackets."

Other strategies such as loyalty programs and personalized messaging also are helping retailers improve brand awareness. Loyalty programs are the most well-known of the customer strategies, usually used as a tactic to motivate repeat purchases. Regarding personalized messaging, Andrew Robbins, President of [Paytronix](#), a loyalty and reward solutions provider, cited two factors driving the need for relevant messaging: "One, customers are beginning to expect the messages. If you don't speak to them in a relevant fashion, they can tell and they start to ignore you. The other driving trend is that establishments are worried about the discount expense line growing, and they have to figure out a way to make it go down. That discount expense line can drop by using one-to-one marketing effectively."

For retailers selling globally, **language personalization** can help bridge the customer service gap. The introduction of native language support provides personalized



communication for international shoppers, according to Kathleen Bostick, VP of Language Solutions of [SDL](#). "It may not be a perfect translation, but it's instant, it's very inexpensive and there's a lot of call deflection. Multilingual chat is really an area that's starting to grow as companies try to figure out customer support globally."

One Size Does Not Fit All

When it comes to planning for personalization, retailers must coordinate programs with overall business goals, including specific channel strategies. While the term “personalization” often is closely associated with e-Commerce, this experience varies depending on the access channel.

For example, for merchants that send out a lot of emails to customers, personalization can have a significant impact. According to the [2013 Email Marketing Study](#) released by [Experian Marketing Services](#), personalized emails generated transaction rates and revenue six times higher per email than non-personalized emails, yet 70% of brands still don't make the effort to personalize these messages.

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-Marti Tedesco, Baynote

“Personalization means something different to every company,” added Scholl, in an interview with *Retail TouchPoints*. “All of our clients use it for recommendations on the web; probably 40% [use it] for email and 20% [use it] for mobile. This is all growing, and [retailers are] tapping into different channels. For brands such as Adidas that have multiple countries, language, currencies, devices and channels, [personalization] is a playbook compared to a high end luxury retailer that's just doing web data.”

The Future Of Personalization

Over the past decade, particularly with the diversification of shopping channels, consumers have had their pick of where, when and what to buy. In this scenario, the importance of personalization campaigns cannot be understated: they are filling a void that had largely been missing in the industry since mega-retailers began to overtake mom-and-pop stores. This newfound freedom of choice has enabled consumers to take a position of control they didn't have before the e-Commerce revolution began in the late 1990s.

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To keep pace with customer demands, retailers need to ramp up their personalization efforts to be more tailored to individuals and their unique experiences and preferences, according to Forrester Research. The January 2013 report, titled: **Advance To Next-Generation Personalization**, suggested that specifically, businesses need to evolve from personalization to **contextualization**.

Forrester Research defines contextualization as a “tailored, adaptive and sometimes predictive digital customer experience” that expands on personalization techniques by automating decision-making and adding in-the-moment details. Contextualization is driven by a combination of historical, behavioral and profile data inputs and can be used to build location-targeted content, adjacent content and adaptive designs. The report authors specifically recommend that professionals should understand their contextualization goals before making any technology decisions, as well as prioritize customer data management strategies.

Progressive Retailers Invest In Personalization Across Channels

Retailers are acknowledging the [calls for more effective personalization](#), and are looking for solutions geared towards optimizing the customer experience. **Rue La La, Build.com** and **Wayfair** are among the innovative retailers tapping different personalization technologies to maximize engagement and boost sales across channels.

A variety of technologies and solutions are available to retailers, covering a broad spectrum of tactics, including segmentation, targeting, customization, web site optimization, product recommendations and content marketing. With such a breadth of resources available, retailers arguably are in a better position than they've ever been to improve weaknesses in their customer relationships.

Rue La La Awakens Dormant Customers With BrightTag



Flash sale retailer [Rue La La](#) initiated a customer segmentation project designed to reactivate a portion of “dormant” consumers as a last-stitch effort to boost conversions. The goal was to target these shoppers with relevant display ads that would entice them to complete purchases on the web site. But the effort fell flat because Rue La La was unable to share relevant customer data with retargeting partners due to an inability to match customer profiles.

Using data integration platform [BrightTag Fuse](#), today Rue La La can match customer data across all owned assets in real time and create more precise targeting strategies.

"Customer data is one of our most valuable assets, but leveraging it across disparate collection points is a big challenge," said Eric Sherman, Sr. Manager of Acquisition Marketing at Rue La La. "BrightTag solved that in short order by giving us a way to connect data and make it actionable. With BrightTag Fuse, Rue La La was able to wake up dormant customers and increase conversions in a key retargeting campaign by more than 10%."

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-Justin Bergson, Build.com

Build.com Personalizes Web Content

After working with two previous vendors, [Build.com](#), a home improvement eTailer with a network of seven web sites, searched for a personalization solution capable of enhancing the online experience based on customer data. During the search, the retailer discovered [RichRelevance](#) enRICH.

"We've done product recommendations for quite some time now, and with RichRelevance, the amount of control we have over setting merchandising rules or boosting a certain brand can really affect more than the customer experience and truly drive changes throughout the company," said Justin Bergson, Director of Engagement and Personalization at Build.com. "Their data-driven mindset is very much aligned with ours."



The RichRelevance personalization engine goes beyond product recommendations, providing the Build.com team with personalized promotions and content to deliver to customers, according to Bergson. The Build.com Network of Stores now contains more than 500 videos — ranging from DIY guides to design ideas and "before-and-after" remodeling examples — giving consumers plenty of content to tap for education and inspiration.

The solution implementation process took a total of eight days, a vast improvement over the standard six- to eight-week implementation time, Bergson noted. "We're proud to be the fastest implementation [RichRelevance] has ever had. The speed at which things can get done with RichRelevance is incredible."

Frederick's Of Hollywood, Shoes.com Tap Certona

Retailers such as [Frederick's of Hollywood](#) and [Shoes.com](#) have seen tremendous improvements in their brand performance after working with [Certona](#) to implement personalization strategies. Frederick's initially had interest in automating its product recommendation process rather than continuing to generate and upload recommendations manually, which took up to three days at a time. Certona was able to provide these product recommendations in a more automated fashion, and deliver real-time shopper behavior profiling.

To test the real-world effectiveness of the solution for Frederick's, Certona conducted an A/B test comparing the capabilities of the retailer's in-house manual recommendation process to the Certona automated system. While the in-house recommendation test group garnered 8% of its revenue from recommendation demand, the Certona solution delivered a 12.5% boost, representing a **56% increase in revenue**.

Shoes.com faced a different challenge. With an extensive catalog of footwear to choose from, consumers were struggling to select an ideal purchase quickly and seamlessly. To help streamline the online shopping process, the retailer turned to Certona to incorporate personalized product recommendations.

Recommendations generated by Certona are based on data extracted from individual visitors' behavioral profile and previous purchases, and are used to cross promote items of the same brand that the buyer may be interested in. The "No Results" search page



received an overhaul so that recommended products would appear on screen, replacing the former dead-end page that halted the shopping journey.

Up to 20% of all Shoes.com visitors click on a recommended page, and 22% of all site revenue derives from product recommendations. The retailer reported that consumers who receive personalized emails purchase more items per order than those who do not (1.8 to 1.3), or an average order size increase of 30%.

Regarding the relationship between the company and its more than 500 retail partners in 2013, Certona shared that retailers experienced a 244% increase in click-through rates on email marketing content and a 412% increase in revenue per email opened. Online retailers achieved 300% higher conversions from web responders by using personalized digital content driving click-through rates, products viewed and session time, according to a company press release. Average order value increased by 50% for brands implementing personalization solutions. Perhaps most importantly, on average, 13% of the revenue these retailers received directly came from personalized content and merchandising.

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-Jeff Hannan, Wayfair

In a statement, Certona CEO Meyar Sheik explained: "Simple in-the-moment testing and targeting, or product recommendations, are no longer enough. Advanced personalization that harnesses the power of predictive analytics enables a better experience tailored to each consumer. This in turn enables brands and retailers to drive stronger engagement and more revenue as profile knowledge is shared across channels."

Wayfair Tests With SiteSpect

Wayfair has made a name for itself in recent years for selling "a zillion things," but its extensive assortment of home décor products can make the online customer experience difficult for shoppers to manage and optimize. In order to organize the site in a manner that could provide the best online experience for customers, Wayfair turned to testing and optimization solution provider SiteSpect.



"We've used SiteSpect since 2008 and have run hundreds of experiments since then," said Jeff Hannan, Manager of Site Testing and Analytics at Wayfair. "We use the platform to help us make really smart, data-driven User Experience decisions, which creates the best possible online experience for our customers. SiteSpect gives us the ability to run complex tests thought up by our internal product and engineering teams, and allows us to gather and segment interaction data for each experiment."

In one case, SiteSpect conducted web site usage tests to understand why certain viewers were not converting at an expected rate. According to Wayfair executives, the testing helped the company discover that larger image sizes, in combination with less copy, elicited higher response rates. SiteSpect also helped the retailer understand exactly where potential customers were dropping out of the purchase funnel, in order for the site's search capability to be fixed accordingly. Wayfair officially credited SiteSpect for 7% of its sales growth in the year after implementation.

There's Always Room For Improvement

While the case studies cited in this report are just a few examples of personalization presently taking place, they shed light on the potential that can be achieved once retailers begin to understand the desires of their individual customers.

Retailers of all sizes have room to grow and improve their cross-channel marketing strategies and overall brand experiences, helping them achieve long-term revenue goals.

Whether they are using personalization to predict customers' next move, or test specific functionalities of the company web site, there are a variety of ways retailers can embrace personalization to create more meaningful and timely brand interactions.



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