PERSONALIZATION IN THE RETAIL INDUSTRY

A closer look at the value, expectations, and necessity of one-to-one marketing

INTRODUCTION

**Remember the first time you became a regular?
It's a rewarding customer experience.**

The barista remembered your name and drink; the clothing boutique owner, your size and favorite designer; the florist, your wedding anniversary and the perfect flowers for it.

Whatever the scenario, when a business knows more than a customer's first name—and shows it—good things happen.
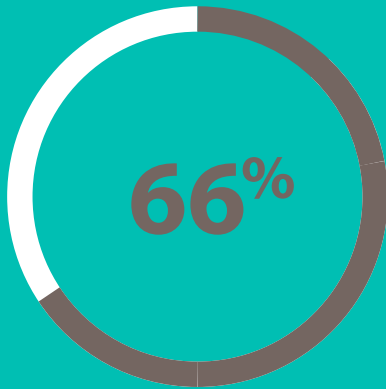
In a consumer-related survey by Accenture, 60% of consumers prefer doing business with brands that use their personal information to provide real-time promotions and offers.[2] And 57% of them are interested in sharing more if companies would send them more relevant communications.[3]

Your retail customers are tired of being treated like a number. Plain and simple. They want to be recognized as an individual, which means they expect you to:

1. Know them.
2. Remember and acknowledge them.
3. Understand their current needs.
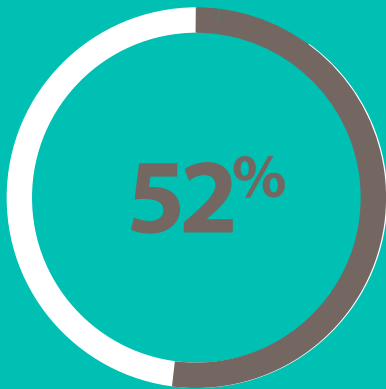4. Anticipate their future needs.

Personalization is your vehicle to deliver on these expectations.

RETAIL CUSTOMERS ARE TIRED OF BEING TREATED LIKE A NUMBER

66%

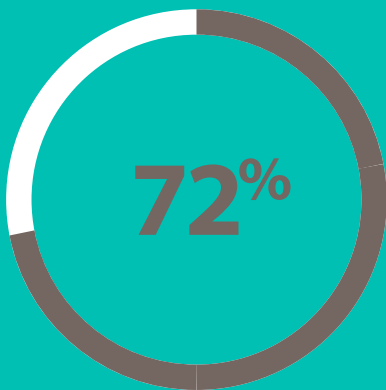**66% of consumers**
say they're extremely or somewhat likely to switch brands if they feel they're treated like a number rather than an individual.[4]

52%

52% of consumers
say they're likely to switch brands if a company doesn't make an effort to personalize communications to them.[4]

72%

72% of consumers
agree they expect companies to understand their needs and expectations.[4]

Understanding Personalization's Place in Retail

We acknowledge personalization is not exactly the new kid on the marketing block. In fact, a recent Forrester report found personalization so widely accepted, 94% of customer insights and marketing professionals across multiple industries tagged it "important," "very important," or "extremely important" for meeting their current marketing objectives.[5]

Furthermore, research by Data & Marketing Association (DMA) and Adobe found the concept of personalized marketing is so highly recognized that "77% of marketers say 'dynamic, personalized content' across channels is very important, however most are still in the planning stages."[6]

Did you catch that last part? "... most are still in the planning stages."

There is a massive gap between the many who understand the value of personalization and the few who are actually doing it.

This is a reality. A true marketing opportunity.

Those who aim to increase engagement through personalization (in multiple channels) are five times more likely to see an increase in overall consumer spending.[7] What's holding you back?

The Challenges Behind Personalization

Personalization done right is not easy. That may be obvious—and also the very reason we're having this discussion today. A RetailMeNot white paper revealed the following reasons are why marketers have had a tough time delivering personalized messages across multiple channels:

- Data collection—especially from multiple channels 53%
- Data analysis 49%
- Lack of efficient marketing platforms 47%
- Customized creative assets and copy 25%
- Executive sponsorship 23%[8]

Truth is, effective personalization for the retail industry (and beyond) continues to remain just out of reach for the majority of brands ... for a variety of reasons.

Personalization, Defined.
Personalized marketing means one-to-one marketing in the truest sense—one brand speaking directly to one customer. It means meeting the customer's needs more effectively and efficiently with relevant information, making interactions faster and easier and, consequently, increasing customer engagement, satisfaction and retention.

The reality is few companies are capitalizing on personalization. Those who do are five times more likely to see an increase in overall consumer spending.[7]

7 REASONS WHY PERSONALIZATION HAS FAILED RETAILERS IN THE PAST

For a number of our clients, here's where things have historically gone off the rails in any of their previous failed attempts at personalization—problems we've helped identify and rectify. If any of them sound familiar, consider it a red flag.

1. Status Quo Personalization

Why are so many brands stopping at a customer's first name? For stronger engagement and increased response rates, online or offline, consider additional personalization elements like last interaction, life events, relatable imagery, etc.

2. Acting Without Context

Eighty percent of customers say that companies do not have the context of their last conversation.[7] Successful marketing is all about what's happening right now. To do this, companies need to have a trigger in place to deliver a personalized message when it's relevant to a consumer's immediate situation.

3. Not Cross-Referencing All Data

Without a centralized database, a company's struggle to leverage data that is responsive, accurate and easily accessible is very real. Companies that have a true picture of the customer—across all data points—are effectively able to drive engagement across every relevant customer touchpoint.

4. Incomplete Data Capture

More than half of consumers (57%) are okay with providing personal information (on a website) as long as it's for their benefit and being used in responsible ways.[10] This willingness to share should encourage companies to seek data in a more aggressive fashion.

5. Organizational Silos

Remember what many companies are forgetting: Customers expect personalized experiences throughout the lifetime of a relationship with a brand. To achieve this, each department must share a single view of the customer, with the single goal of customer centricity in mind.

6. Insignificant Segmentation

It's hard to argue that retail brands aren't successfully identifying their core customers. They are. Where most fall short is segmenting those core customers into smaller groups for noticeably more accurate targeting and discernible patterns in user behavior and engagement across all touchpoints.

7. Too Many Solutions

According to a recent benchmarking report by Marketo, "more than 60% of marketers have six or more technologies in their tech stacks."[11] When multiple solutions are housed in two or more disconnected platforms, marketers run the risk of forcing themselves to work off of isolated viewpoints that may result in a misleading customer journey.

BECOMING RELEVANT

Up to this point, we've covered almost all the bases on personalization—what it is, common challenges it presents, and how it's helped a variety of brands to deliver relevant, engaging communications to their respective audiences.
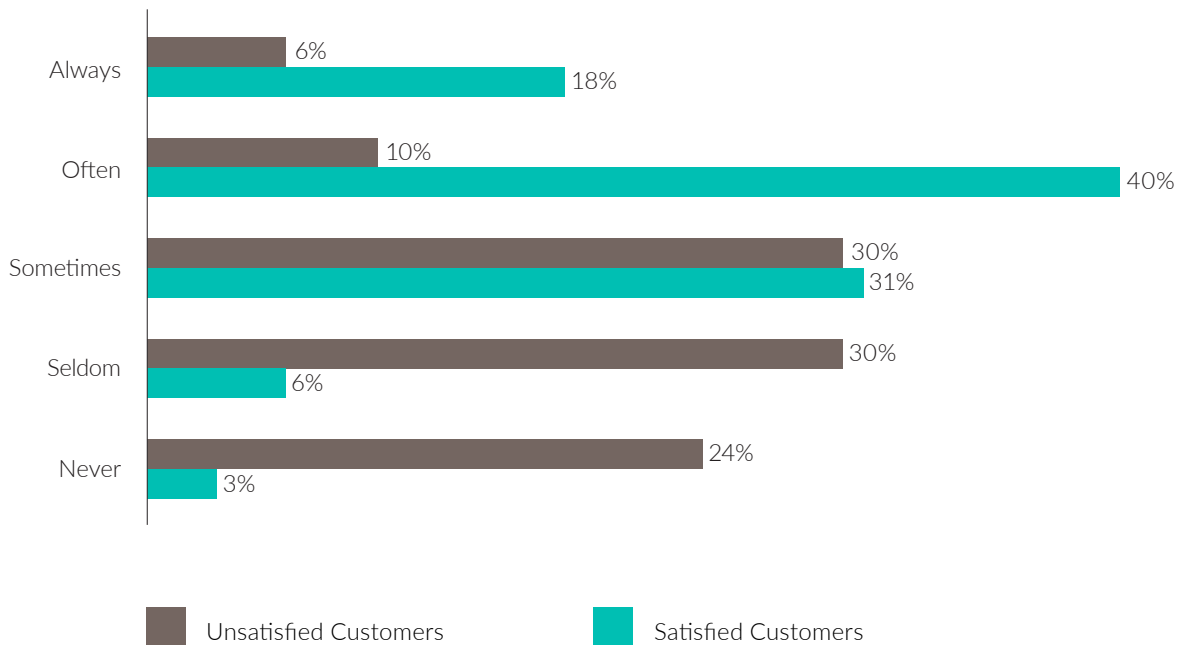
Now let's focus on the how-to-make-it-happen portion of the program. After all, according to research from CMO Council, 34% of consumers only want to hear from brands they like or do business with when the information is something relevant or useful to them.[18]

PUTTING THE CUSTOMER FIRST

In a recent MarketingSherpa study, 2,400 consumers were split into two groups. Half were asked to name a company they were satisfied with, and the other half to name a company they were unsatisfied with.

Both groups were then asked:
How much does [company name]'s marketing put your needs before its business goals?[19]

Always	6%	18%
Often	10%	40%
Sometimes	30%	31%
Seldom	30%	6%
Never	24%	3%

■ Unsatisfied Customers   ■ Satisfied Customers

STRATEGY

6 Essential Components for Effective Personalization

Personalized marketing means one-to-one marketing in the truest sense—one brand speaking directly to one customer. It means meeting the customer's needs more effectively and efficiently with relevant information, making interactions faster and easier and, consequently, increasing customer engagement, satisfaction and retention.

These are the six components necessary to operationalize this proven marketing strategy:

IDENTIFY
- Data
- Context

ANALYZE
- Analytics
- Research

COMMUNICATE
- Message
- Channel

IDENTIFY

1. Data

Do you have the right data to accurately identify customers?

For many retailers, data provisioning is a critical step in the success of personalization (in any form), because the right data is useful data. This service ensures the data in a system is accurate and correct, removing outdated, incomplete or duplicated data in the process.

The benefits realized immediately after the right data has been identified include:

- Cost reduction. Stop wasting resources on people who aren't there.
- Increased response rates. See the same return with less email.
- Brand preservation. Duplicate sends and incorrect details jeopardize a brand's integrity.
- Reduced waste. Less ink and less paper are used when mailers hit their target.

2. Context

Can you deliver your message at the optimal time?

You've heard the saying: Timing is everything. That's not hyperbole. When a marketing campaign is triggered by context, the right customer receives the right message at the right time. Bingo.

Unfortunately, determining the exact right time to engage with a customer remains a struggle for most institutions. Not to mention capturing the exact right data points to act as the trigger for marketing messages.

When contextual data is taken into account, retailers are able to better understand how a customer interacted with a message, but it doesn't stop there. By layering on past behaviors and predictive analytics, retailers are also fully capable to determine the optimal time to deliver the next specific message for each individual customer.

This deeper level of insight provides a better view of the customer at the very moment he or she will likely be most interested in your offers.

CASE STUDY:

Target
Target leaned on multivariate testing for a personalized direct mail campaign that went to two million of its most frequent shoppers. The highly-personalized mailpieces (with up to 20 variables) contained product promos and coupons based on previous purchases. The major retailer realized a 50% lift over previous non-personalized campaigns.14

ANALYZE

3. Analytics

Are you using the right analytics to understand, remember, acknowledge and be relevant to your customers?

Predictive analytics, data mining, pattern matching and forecasting, big data analytics, and location intelligence are just some of the analytical categories to fall under the heading of advanced analytics, all of which truly benefit from freshly scrubbed data.

Still, too many companies continue to rely on analytical methods that are far too simple, like basic clustering techniques, to understand the needs of each customer.

Advanced analytics is an (semi-) autonomous analysis of data using sophisticated techniques and tools—beyond traditional business intelligence (BI)—to reveal needle-moving insights, share predictions, or generate recommendations. It makes identifying the 5% who are likely to respond to an offer possible.

Now, let's take things a step further. Say you have three versions of a headline, five potential images and two different blocks of text to choose from. With multivariate testing, every possible combination is tested against the others to figure out which arrangement yields the best conversion rate.

Multivariate testing not only tests the effect of changing one element, but the combined effect and interaction of several elements. This helps determine which combination of variations performs the best out of all of the possible combinations—something not possible with A/B testing.

4. Research

What components in your marketing vehicles are driving or diminishing customer response?

Nailing down the most compelling (or even most damaging) elements of your multi-channel marketing strategy can be more attainable than it initially sounds. How? Short answer: Embrace testing—usability testing, that is.

For a variety of marketing mediums, usability testing observes how consumers receive, decipher and respond to your marketing communications (and channels). A usability test provides answers the following questions:

- How easy is it for a customer to understand the call-to-action in our message?
- How memorable is the design and delivery of our message?
- How many errors does a consumer make as they try to complete our call-to-action?
- How much does the consumer like our messaging and the way it was delivered?

CASE STUDY:

Johnny Cupcakes
By embracing social data collected on its 80,000+ subscribers, fashion brand and retailer Johnny Cupcakes put together its first segmented email campaign for a new product launch. By simply segmenting to male and female customers, the campaign realized increases in conversions (123%), clickthroughs (42%) and revenue per campaign (141%).[12]

5. Message

Are you personalizing your message to speak directly to an individual? Do your offers address your customer's needs?

The beauty in personalization is that it enables a company to dig into the details available, using them to craft the right, best message to address a customer's needs. Let's use email marketing as an example.

How much of your email marketing output is personalized to reflect a subscriber's profile and previous activity? According to a stat from MarketingSherpa, not enough: Nearly half (46%) of consumers who opt out of or unsubscribe from emails cite irrelevant messages as the reason.[20]

Now hear this: 70% of brands fail to personalize their email messages.[21] Yet 83% of brands that have taken this extra step have experienced an uplift in conversion rates.[22]
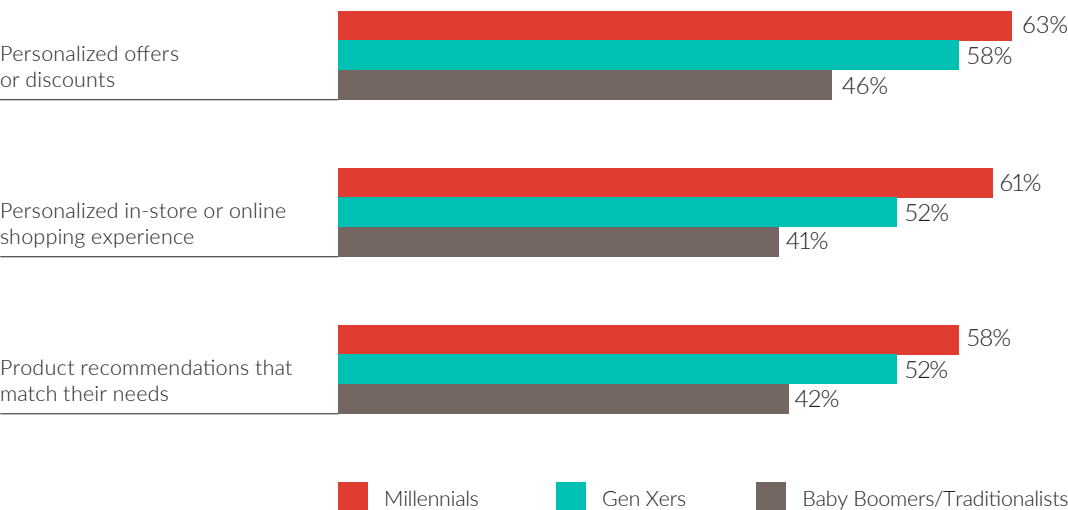
CASE STUDY:

BustedTees
Based in the U.S., internet-based T-shirt brand BustedTees implemented personalized send times for its international users. The results of this individualized email delivery include increases in email revenue (8%), clickthrough rate (11%), email response rate (17%) and post-click site engagement (7.6%).[16]

PERSONAL MESSAGE

Percentage of Consumers Who Strongly Agree or Agree They're Willing to Share Personal Data in Exchange for the Following[19]

	Millennials	Gen Xers	Baby Boomers/Traditionalists
Personalized offers or discounts	63%	58%	46%
Personalized in-store or online shopping experience	61%	52%	41%
Product recommendations that match their needs	58%	52%	42%

Millennials Gen Xers Baby Boomers/Traditionalists

COMMUNICATE

Dynamic email content enables marketers to send one email, but strategically pepper in unique content to speak more to a subscriber's interests and intent. The reward? Personalized emails deliver six times higher transactional rates.[24]

"This offer was selected specifically for you." For a company trying to grab a customer's attention with a more personal message, that's a pretty great opening line. What comes next, however, can make or break the kind of response you get for said offer.

A recent Marketo survey found more than 78% of consumers will only engage in an offer if it has been personalized to reflect previous engagements the consumer has had with the brand.[25]

Like dynamic email content, variable printing is another vehicle available for delivering the right offer to your customer in a hyper-relevant way.

From simple salutations and address blocks to fully variable text and graphics changes, variable print capabilities enable brands to create a unique, tactile product for a targeted audience. In return, marketers experience small run flexibility, cross media integration, decreasing response times and increasing response rates.

6. Channel

Are you using the channels your customers most prefer in an order that compounds their effect?

Email, direct mail, SMS text, social media, mobile apps, radio, TV commercials—you have plenty of options and avenues to reach a given customer, right? Well, not necessarily.

Leaning on direct mail to connect with a customer who's never home doesn't make a ton of sense. Neither does continuing to press send on emails to a customer who has never opened—actually, always deleted— every single email you've ever sent them.

Identifying how your customers prefer to communicate with you is no longer a marketing nice-to-have. It's a necessity.

CASE STUDY:

HubSpot
After analyzing data from more than 93,000 calls-to-action (CTAs) over a 12 month period, web marketing company HubSpot found CTAs personalized to individual visitors had a 42% higher view-to-submission rate than generic CTAs that appeared the same for every visitor.[17]

ENGAGE YOUR CUSTOMERS WITH RELEVANT MESSAGING

RRD Marketing Solutions Can Help

By the look of it, the time is now to change the way you communicate with your customers.

It's time to get personal.

According to an article by McKinsey & Company, personalization can reduce acquisition costs by as much as 50%, lift revenues by 5–15%, and increase the efficiency of marketing spend by 10-30%.[27]

RRD Marketing Solutions Knows Personalization

To realize such head-turning numbers, it takes working with the right partner. And if you are serious about engaging and retaining satisfied customers, we can help. For those in the retail industry, we are ideally positioned to:

- Grow and retain your customer base with personalized marketing
- Maximize operational efficiency by streamlining your entire communications process
- Preserve brand consistency and reduce risks through compliant communications

RRD Marketing Solutions employs a flexible engagement model, so if you're not ready to jump into a full-scale personalization program, we can help you start small—where you need help the most.

With a customer base that wants to be on the receiving end of truly personalized messages, you're in a position to separate yourself from the pack. And dramatically improve your marketing ROI.

Personalization is how you do it.

To accomplish these goals, our suite of customer-centric services enables brands to deliver truly personal, 1:1 marketing.

Services that include:

- Data provisioning and management
- Advanced analytics and business intelligence
- Customer journey mapping
- Dynamic email content
- Variable print direct mail

Optimize Engagement.
Visit MS.RRD.com

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