Changing the Face of Marketing Using Hyper-Personalization
Because Everything Else is Irrelevant

White Paper

Retail Industry

Executive Summary

From Retail to E-Tail to *Me-Tail*, selling products has evolved. Brands are expected to know their customers, remember them, and cater to their exact needs and expectations via channels that work best for the customers. "Wow" experiences are no longer a surprise element, they are an expectation to be able to delight your customers.

Consider this. You check into a hotel in a quaint little corner of Goa, India. You have a lovely time, which is why you decide to stay there again for your next vacation. When you call them up and give them your phone number, they "recognize" you, saying they'll be delighted to welcome you back. When you check-in, they allocate you to the same room you had stayed in the first time. They remember that you had loved the view from the balcony. You love that they remembered that. From then on, it becomes your go-to hotel every time you visit Goa. What if, however, they had put a photograph of your family in your room, to make you "feel at home"? Would you have liked it? Or would you find it just plain creepy?

That's the thing with personalization. It is a great way to earn a long-term customer if executed right away. On the other hand, it can be a total disaster. Unfortunately, there is a thin line that distinguishes the two, and it varies from customer to customer. Most brands stick to simple segmentation studies, or worse, name customizations on communication channels like e-mail, and do not go into the details of each customer journey, because they don't want to get it wrong. There is a right way to go about personalization, and the good news is that there are enough smart tools that can help you.

This white paper will take you through the true meaning of personalization, what it can do for your business, how you should go about it, and the tools that can assist you on this journey. We talk about common challenges businesses face when trying to personalize, and how to overcome them.

Personalization-A Brief History

"Personalization", "individualized messages", and other such complex concepts that marketers are using today, are concepts that were inherent to retail before the age of tech-led economies. Only a couple of decades ago, your local grocery store knew what brands you liked, how much quantity of rice you'd buy every month, how many eggs you'd consume during the week. He'd let his helper deliver your groceries to your house every Sunday afternoon, he'd even give your kids a small line of credit for their evening candies. Your regular grocer would pick out the best vegetables for you, the pharmacy knew your monthly requirement of medicines and they would be delivered to your house even before you realized you're running out of them. We enjoyed deep connections and over time developed a familial bond with most of these retailers. Of course, the outcome was loyalty and trust that led to regular sales.

As retail became bigger and more organized, with retail chains like Walmart entering the scene, the focus shifted to "economies of scale". Marketers concentrated on selling products in bulk to be able to drive discounts and create loyalty programs that ran only because of the saving proposition. In such times, even promotional campaigns were designed for the masses. Generic email blasts that talked about "deals of the day" delivered the message but failed to assess the impact. Oftentimes, these were ill-timed, irrelevant, and just plain intrusive.

As marketing technology evolved and customers became more discerning, retailers realized that mass communication is not going to work for them anymore. Customers wanted to see only what was relevant to them. Things like re-targeting have changed the way brands interact with us. Liked a pair of shoes on an e-commerce website and abandon your shopping cart? That same shoe ad will follow you around all over the internet. You might be enticed by a spot discount or get sick of it and eventually lose interest in buying it in the first place. Remarketing technologies are sometimes quite badly executed. These campaigns suck in a lot of marketing dollars, but the results are questionable, since they seem freaky to a lot of users, and do not result in expected sales.

While remarketing is a first step towards personalization taken by many brands, it is rather unrefined. It leads customers to wonder if this is really the best retailers can do to woo them. In order to drive sales volumes, true personalization has fallen off the radar for most marketers.

How then do brands find a way to recreate the family-like customer relationships that existed at the very beginning? What if brands could create the same neighborhood grocery store feeling with thousands and thousands of customers across the globe by being able to suggest exactly what they need and would love? It sure does sound like quite a task to be able to know so many customers on an individual basis, but the possibilities are endless!

This thought has been a challenge for marketers for quite some time now. According to research published in a noteworthy business journal, customers don't really care for too many choices. What they want is for you to be able to provide exactly what they need, when, where, and how they want it.

Fortunately, technology makes it possible now.

What is True Personalization?

Personalized marketing is all about using data, analytics, and automation to intimately know what your customers need at a particular point in time and use this information to intelligently design communication that resonates the most with them and makes them take decisions the business would like them to. A lot of marketers like to call this in-the-moment marketing: catching the customers at the right moment, in the right way. This allows brands to develop one-on-one relationships with their customers and engage with them in a way they haven't done before, by making each customer feel like they matter to the business.

As customers become more and more connected with brands through various devices and channels, the touch-points and customer journeys become more complicated. Social media, online reviews, e-commerce websites, search engines, physical stores, references all have a role to play in varying degrees and at different points along individual journeys. While this provides a huge opportunity to creatively connect with customers across all these online and offline channels, it also poses many challenges-how do you connect with each customer in the way they like across such a dynamic customer path to purchase?

As customer experience gains traction as the most important factor for brands to differentiate from one another, marketers need to find a way to communicate, engage with, and delight customers across various channels, formats, and devices. Personalized experiences need to be designed and delivered at the time of marketing, sales, and customer service, to make sure brands resonate with customers, who feel like they are valued and appreciated.

In its nascent stages, personalization was specific to CRM lists and email marketing. By merely using their names in subject lines, marketers thought they were better connecting with their customers. Now, however, things have changed. Customers are guiding how they want to be spoken to-what channels, what time of the day, how often, in what context. Marketers need to design communication strategies that are relevant to every customer's needs, lifestyle, pain points and mood. Just a name change won't do.
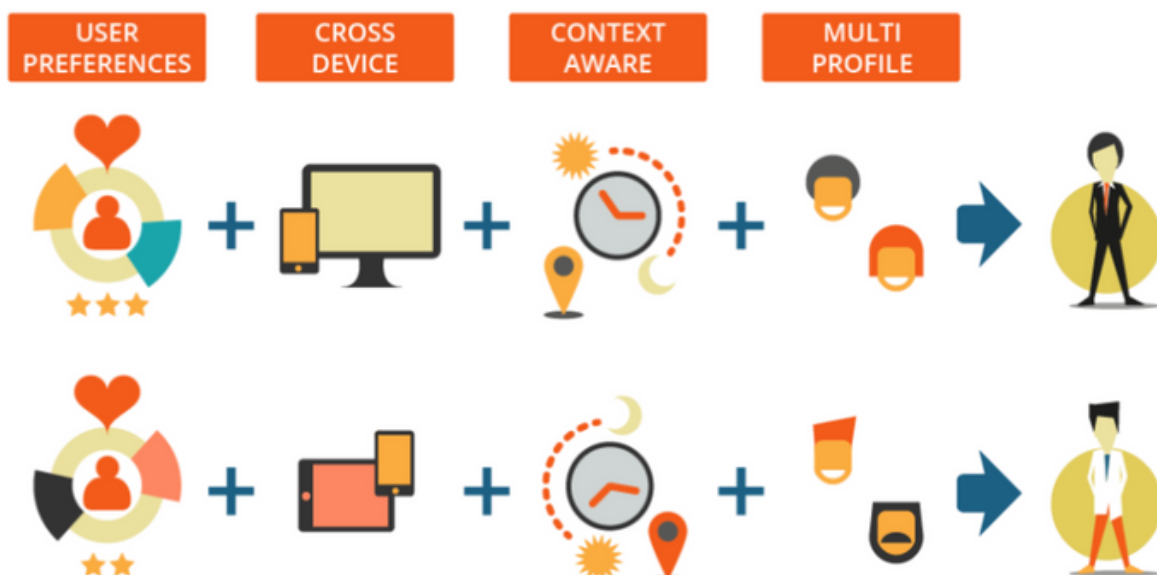
Consider this:
- **81% of customers** want brands to understand them better and know when and where not to approach them (Source: Accenture)
- **94% of marketers** are focusing on their data and analytics capabilities, personalization technologies and customer profile data management capabilities to deliver personalized customer experiences (Source: Forrester)
- **78% of marketers** report that they only use first name personalization to customize messages (Source: One Spot)

A lot of marketers are unable to make a shift to more sophisticated personalization capabilities because they are unable to justify the investment of time, money and effort made for these initiatives. As a result, while it is recognized as important, it isnever really taken up in a big way.

Let's take a moment to understand how personalization really impacts your business.

Why Do We Need to Personalize?

One of The Coca-Cola Company's most successful campaigns, the "Share A Coke" campaign was launched in the US in 2014, after making a successful debut in Australia. Over 800 names (which covered a majority of the US population) were printed on different sizes of Coke bottles, and customers were encouraged to personalize their Coke bottles and merchandise online too. By doing this, Coke created an experience that meant something special to each customer-it brought back memories, it created new memories, and soon became a rage. Multiple versions of this campaign were launched over the years, such as "Share a Coke and a Song". Not only were customers prompted to create social media content with Coke-related hashtags, the brand connected with them on a personal level. Personalization helps you in the following ways:

Improve customer experience
Personalization helps identify each customer's path to purchase, roadblocks, and questions accurately. By understanding behavioral patterns, brands can design nudges and optimize messaging strategies in way that'll help them complete their purchase/ transactions smoothly.

Drive Revenue
By identifying what channels work for each customer, what offers and language they respond to, what products appeal to them etc., marketers can optimize the omnichannel experience and increase chances of conversion.

Increases Loyalty
When customers get a feeling that the brand cares for them, they automatically feel more connected and are more likely to come back for repeat purchases. Share of wallet increases and of course, who can ignore the power of reviews?

Cross-Channel Consistency
Once you know everything there is to know about your customer, you can control what she is told across channels. With customers being exposed to messages from brands on social, email, search, stores and a bunch of other places, it is imperative to ensure that the flow of messages is not disjointed, or you could really end up confusing your customers!

According to a recent research by a consulting company -
Personalization has significant positive effects. After a consumer has a personalized shopping experience, however:

44% will be likely to become a repeat buyer

39% will be likely to tell friends or family

32% will be likely to leave a positive review

22% will be likely to post a positive comment on social media

What's more, research indicates that people don't just want personalized messaging, they also prefer personalized products. According to a recent Deloitte study, 36% of consumers expressed interest in purchasing personalized products or services, and 48% said they'd even be willing to wait longer to receive their shopping. This brings us to the next and most important question.

What is the Right Way to Execute Personalization?

Everyone who has researched personalization may be familiar with the famous Target campaign that went horribly wrong. A father wondered why his daughter was receiving communication about baby products-incessant coupons and offers irked him, until he found out that his daughter was, in fact, pregnant. Target has tracked the daughter's shopping behavior and identified the pregnancy. Clearly, this was a violation of the daughter's right to privacy, and the retail giant received a lot of negative publicity.

What do customers perceive as great, and what do they consider plain creepy? With GDPR now a reality in Europe and many other countries thinking about how they want to protect their citizens' data, brands need to be careful about how they want to execute their personalization strategies.

To be able to design "just right" communication for every customer, brands need to be able to answer some key questions:

What stage of the life cycle is the customer in?
This can be understood by evaluating the customer's online and offline behavior. What does their clickstream data look like? For example, if you are a toothpaste manufacturer, and your customer is searching for keywords, like "best toothpaste for sensitive teeth", "dentist recommended toothpaste", etc. then your customer is still in the exploration phase. Your communication would have to be informative, educative, and not a direct sell. If the customer's search keywords are more around your brand, your selling price, and specific discount coupons, on the other hand, then they have made up their mind about you, and your message needs to be a small nudge to complete the purchase-maybe a link to your website with a coupon?

What information do you have about your customer?
Social media has put a lot of information in the hands of brands that are willing to listen. What is a customer saying about you, and what would you need to do to act on that feedback? If your customer is part of a loyalty program already, you would know what they typically buy. Would you like to create a bundle of products and offer a volume discount? Based on past purchases, brands can recommend additional products at the check-out stage. The possibilities are endless.

Can you develop models to predict customer journeys?
As brands interact with more and more varied journeys, they should be able to develop models that understand how individual journeys are shaping up, and how future journeys can be predicted using this intelligence. If Customer John Doe interacts with channel A and then channel C and then D and finally B, and there are multiple customers like John Doe, can we move new customer Sara who has interacted with channels A, C, and D faster to purchase? Will we be able to predict what nudge she would need to complete her transaction?

Customer journey analytics offers answers to these questions, and there are several tools in the market that claim to solve for personalization. Let's take a look at some technologies that are striving to deliver great customer experience via tailored messaging.

Technological Interventions and Use Cases

Technological advancements are playing a big role in improving the accuracy of personalization brands are able to offer. According to a McKinsey study, 35% of Amazon's consumer purchases come from their personalized recommendations and 75% of what Netflix viewers watch comes from their algorithm recommendations. That's a high accuracy rate!

Tech powers personalization for brands by using a combination of the following:

Artificial Intelligence (AI) and Machine Learning (ML)
The insights provided by AI/ML tools have evolved rapidly. Real-time information gathering and advanced analytics models that learn constantly ensure that messages are most relevant to the intended audience. Take chatbots, for example. They learn from the "chat" to give human-like responses and service. Research suggests most chatbots are now so advanced that the customer can't even differentiate between real chats and ones with bots.

Marketing Automation based Customer Relationship Management (CRM) Tools
CRM tools that gather data from multiple sources, such as store visits, incoming queries, social media, surveys, etc. do a great job at creating audience profiles and automating the creation of messages in various formats. These tools pick the right channels, offers, timing, banner combinations, etc. to make sure your messages resonate the most with each recipient.

Enhanced Social Media and E-mail Targeting
Social media targeting is no longer all about running generic banners on Facebook, Instagram, Pinterest, etc. By combining data from your smart CRM software, you can create precise audience lists on social media and show them the perfect banners. Things like look-alike audiences allow you to find potential customers based on behavior, lifestyle, demographics, search history, etc. Tighter e-mail lists can be created with more relevant offers, products, and educational material. Pointed campaigns like these ensure higher return on investment.

Some specific use-cases of technology include:

1. Product recommendations for cross-selling and up-selling on e-commerce sites and travel sites
2. Personalized search results on e-commerce sites where customers are shown results keeping in mind their preferences for brands, price points, and other product features
3. Precise notifications on apps
4. Content recommendations for movies, music, books, etc.
5. Personalized social feeds to de-clutter the content available on social channels, friend recommendations to facilitate relevant connections between people
6. Recruiting tools that help to hire managers and recruiters by showing only matched candidates and thus cut down time spent on sifting through thousands of applications

Rapidly evolving technology is going to play a bigger role in the way devices interact with customers. Ever imagined a TV that shows one ad to one family and another to a different family? This will be normal soon and will be game-changing in terms of how brands personalize interactions via the most popular visual medium. Virtual Reality (VR) headsets are revolutionizing the way customers familiarize themselves with products. Some retail stores are allowing people to virtually try on garments to see how they would look on them, or how a piece of furniture would look in their living room. These innovations are all going to be mainstream soon.

The Challenges

Even though most marketers realize the importance of connecting with customers individually, they are not able to implement well-thought-through personalization strategies. According to Segment's 2017 State of Personalization Report, only 22% of shoppers are satisfied with the level of personalization they currently receive, which means brands need to push harder. Common challenges that they struggle with are:

Picking the right technology to automate personalization programs
With so many tools in the market claiming to understand customer journeys and providing actionable insights to build on your existing marketing initiatives, it is difficult to pick the one that works best for your business. Pick a tool that works well across channels-desktop, mobile, offline stores included. Your tool should collect and process data from all possible customer touch-points.

Expertise to use these tools
It is one thing to invest thousands of dollars on a sophisticated personalization tool, another to be able to use it to its full potential. Marketers often are unable to interpret the data, or struggle with bandwidth to be able to use the insights they derive. What you need is a tool that is simple, intuitive and can be synced easily with existing infrastructure.

Doing away with silos and creating a single dashboard view
Often, marketers have all the data they need, but it sits with different departments in different tools, in different formats. That is not very helpful. Your marketing tool should be able to ingest data from everywhere and create a single view of each customer-this is the only way to execute 1:1 marketing the right way. Without this, you'll still be making awkward guesses.

How Can We Help?

OSG o360 is a customer journey tracking application that provides you with a 360-degree view of each customer's online and offline (omnichannel) activity. By uniquely combining behavioral and cognitive analytics, OSG o360's analysis dashboards provide a deep understanding of customer behavior across every possible customer touchpoint.

With OSG o360, you can:
- Understand all your customer journeys from research through to usage and advocacy
- Integrate data from all your customer touch points across online and offline channels in various formats-text, video, audio, etc.
- View live dashboards on key metrics on customer experience at every stage of the customer life cycle
- Share this data easily with your CRM and other customer management systems

Armed with superior insights about your customers journeys in a single dashboard view, you can develop analytical models to design the right interventions at the right time via the right channels. This strengthens your personalization efforts and ensures higher return on investment from your marketing campaigns.
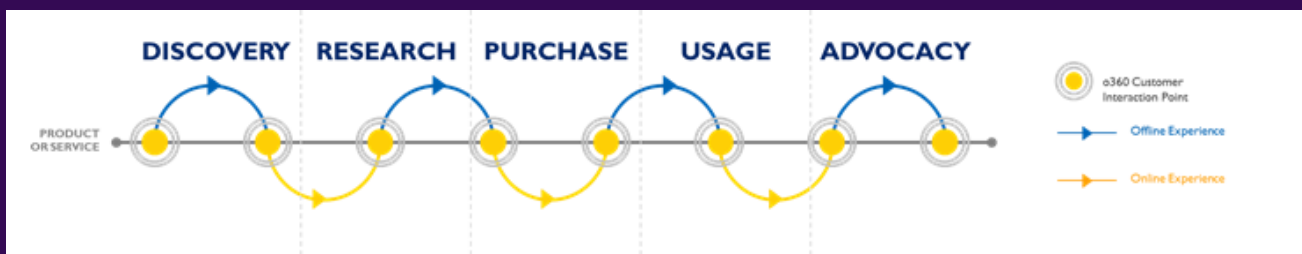
About the Author

Isha Gupta -Director, Marketing and Communications, OSG
Isha has a decade of experience in marketing and business strategy. She began her career with Google and subsequently worked with Matrimony.com, Caratlane and Cleartrip in different roles that built expertise in various digital media like Pay per Click (PPC), social, mobile, apps, email and display campaigns. Skilled in management, marketing strategy, digital marketing, analytics, and customer experience, she iscurrently leading OSG's brand and content marketing strategy. She has a Master of Business Administration (MBA) focused in Marketing and Strategy from the Indian School of Business.

The Power of OSG Analytics

OSG is a global technology and analytics provider that delivers outcomes on customer engagement to Fortune 500 clients with the help of leading analytical technologies and world-class global resources. OSG uniquely combines historical data with the future needs of patients, physicians, consumers, or customers of our clients by going beyond the "who" and the "what" and understanding the "how" and "why" behind their decision-making. OSG focuses on the 3E's, Behavioral Expectations, Superior Experiences, Guaranteed Engagement, to help drive growth through customer-centricity.

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