

A woman with long dark hair, wearing a white long-sleeved shirt and a patterned scarf, is looking down at a white smartphone in her hands. She is holding a large, plain white paper shopping bag in front of her. The background is a blurred clothing store with racks of clothes and warm lighting.

THE ULTIMATE GUIDE TO PERSONALIZATION

Discover the four phases of personalization to
supercharge customer experiences.



L LUCIA

Hello, Natalie! Thanks for shopping with us.
Receive 30% off your next purchase with
coupon code: NATALIE30

THE VALUE OF PERSONALIZATION

Retailers everywhere seem to have one main question: What is the customer's experience with my brand?

As retailers look at the customer experience, personalization frequently rises to the top of the list. According to Forrester Research, Inc., 68% of firms in a Forrester survey state that delivering personalized experiences is a priority.¹ Personalization has many benefits for both the consumer and retailer. The consumer enjoys a seamless, relevant experience across all touchpoints that responds to their specific needs. Interactions they have with retailers and brands are finally the interactions they have expected all along. They feel valued and come back for repeat purchases. When done correctly, retailers who implement personalization will drive higher net promoter scores (NPS), more loyal customers, and ultimately more sales. Specifically, the benefits can be grouped into three major buckets:

Increased conversion rates: However you define conversions, whether by revenue, downloads, or sign ups, the right personalization will dramatically improve them. Research by HubSpot found that Personalized CTAs resulted in a 42% higher conversion rate than generic CTAs.²

Larger average order values (AOV): When customers see what they want, they buy. When you help them discover the perfect products and accessories, along with content and stories that explain them, they buy more. Personalization can improve average order values by upwards of 40% and conversion rates improve by an upwards of 600%.³

Improved Customer Satisfaction: When customers find what they are looking for they feel satisfied, tell their friends, make fewer returns, and come back to shop again. Overtime you will see the big metrics that drive customer lifetime value go up when using personalization. And the opposite is sobering: 74% of consumers get frustrated when website content appears that has nothing to do with their interests.⁴

The idea is simple: the more personal and relevant the interaction is with a shopper; the more engaged they will be on the site. The more engaged they are, the more likely they are to buy. The more they buy, the better the results. The goal is to engage in a way that recognizes and anticipates the shopper's intent, at any given moment.

42%

Higher conversion rates with personalized CTAs

600%

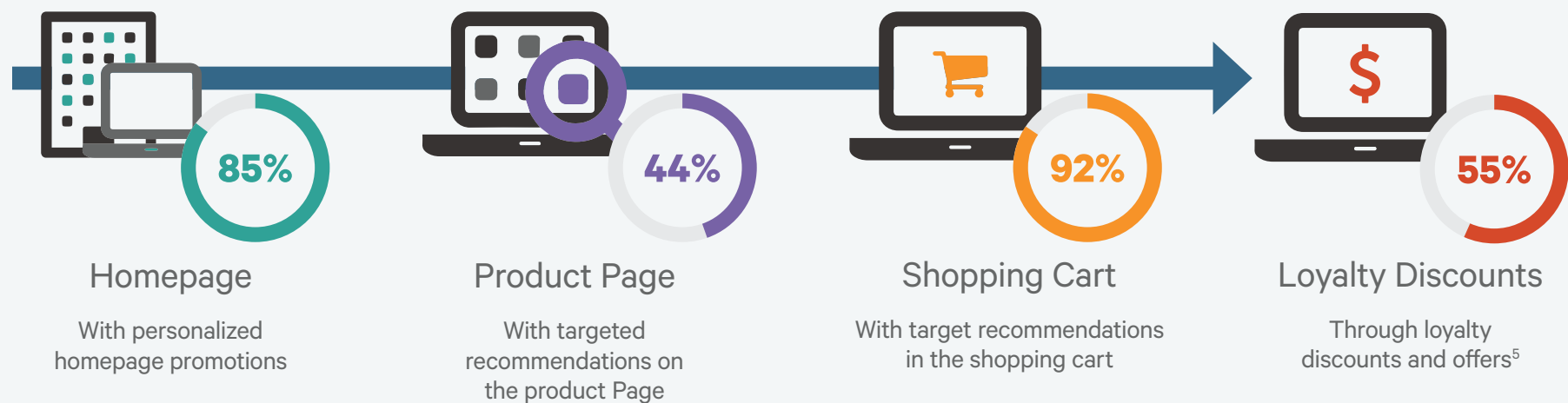
Personalization can improve average order values by 40% and improved conversion by upwards of 600%³

SHOPPERS WANT PERSONALIZATION

The proof is in the data. Specifically, consumers report personalization greatly influences their path to completing a purchase, as seen in the chart below:

These numbers are great, but it's only the beginning. There is more to personalization than the basic personalization plays like targeting, product recommenders, or related items in shopping carts. When retailers use personalization as a means to deliver individualized experiences, they create a long term strategy that will pay significant future dividends.

This eBook will give you a better understanding of the different approaches, maturity levels, return on investment (ROI) profiles, advantages, and limitations of personalization techniques. Specifically, we will delve into the latest technology trends, such as machine learning and real-time, to provide a better understanding of the strides, developments, and impact personalization can make in your business.



CONTENTS

The Personalization Maturity Chart 6

Basic Recommendations 10

Segmenting and Targeting 15

Machine Learning 20

Individualization 25

Personalization Worksheet 30

Eight Mistakes in Personalization 32

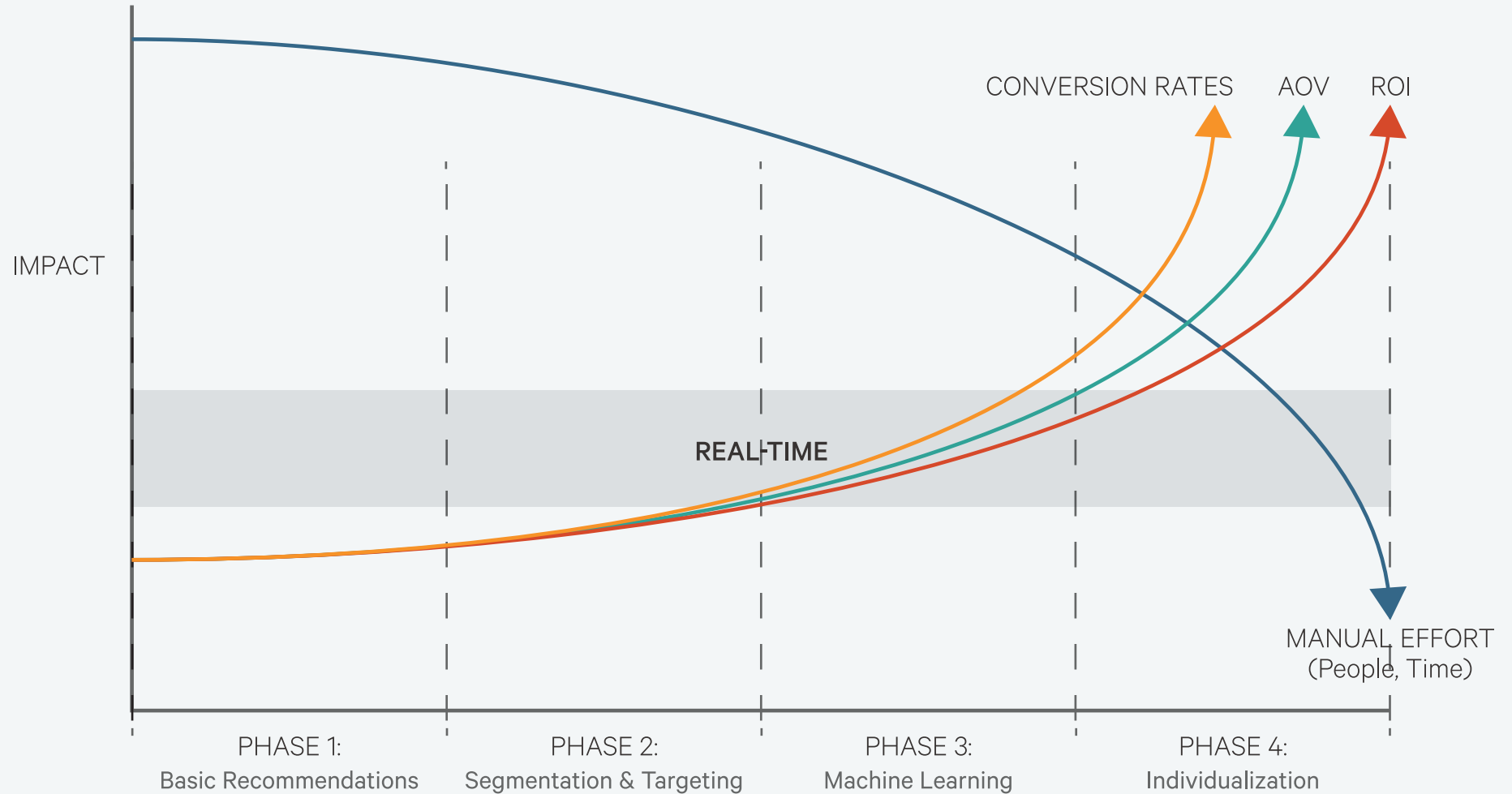
THE PERSONALIZATION MATURITY CHART

Today, most companies have implemented basic personalization, but there is significant opportunity to improve its effectiveness by leveraging modern technologies and maturing the approach to stay competitive.



THE PERSONALIZATION MATURITY CHART

As retailers and manufacturers increasingly adapt to meet their customer's buying preferences, the focus on personalization has turned towards digital channels and the customer's personalized experience along the buying journey. This chart below outlines the different maturity phases of a personalization strategy, and the corresponding impact to the organization's bottom line.



Phase 1: Basic Recommendations

In today's world, basic product recommendations are table stakes and considered the most primitive of approaches. As a consumer, everyone has experienced them. This phase involves gathering historical or trending purchase data and making broad recommendations throughout the customer's buying journey. The recommendations can be tailored to a specific customer or be utilized across a group of anonymous customers.

Example uses of this approach include items that are best sellers, frequently purchased together, or currently have seen an uptick in popularity or volume.

This approach usually involves looking in the rear view mirror and it's business impact increases as you are able to target against specific segmentations.

Phase 2: Segmentation & Targeting

The second phase of personalization maturity involves the introduction of targeting products and content based on segments. With this approach, customers are grouped together into buckets based on commonalities. Typically, we see traditional categories—geographic, demographic, psychographic, and behavioral to create segments.

Example use cases of this approach include segmenting by age, gender, income levels, hobbies, location, or what type of online behaviors are observed, such as, what customers click, like, or historically have purchased. When segmentation is combined with recommendations to create targeted offers, retailers and manufacturers will experience an increased business impact of their personalization strategies.

Phase 3: Machine Learning

Retailers and manufacturers can mature their segmentation-based personalization approaches that rely on historical patterns, rules-based actions, and collaborative filtering with a solution that leverages machine learning to predict forward-looking buying intent. Machine learning utilizes a set of algorithms to dynamically drive personalized experiences for customers—whether that be promotions, recommendations or interactive web content. The result is a significant reduction in manual effort, the ability to automate targeting, and the potential to surface highly relevant content to increase conversions and engagement.

Best of breed machine learning-based solutions will create a customer data hub to aggregate information across all digital sources such as websites, social channels, paid advertising, and email promotions to predict what specific micro-segments might purchase next. The most advanced algorithms will be self-learning and frequently adapt based on buyers' browsing, interacting, and purchasing preferences—making collaborative filtering and rules-based approaches obsolete.

Phase 4: Individualization

The fourth phase of personalization is individualization or commonly referred to as “Personalization 2.0.” Individualization builds on the core principles of personalization—segmentation, targeting, and relevant content—by enabling the creation of 1:1 experiences for each individual customer. Each customer becomes a unique segment of “one,” enabling retailers and manufacturers to drive truly personalized experiences.

When combined with machine learning, individualized personalization can be implemented at scale, be pervasive across all buyer touchpoints, learn an individual's (versus just a segment's) preferences, and create a predictive model of what will be purchased next—minimizing the inaccuracies that come with coarse segmentation and manual targeting.

Bonus: Amplify Personalization with Real-Time Data

Most personalization solutions will utilize a batch-based approach for syncing user data. User data is periodically sent to the system and analyzed for upgrading personalization rules or algorithms - creating a missed opportunity for engaging your buyer with relevant content at that specific moment in time while they are showing buying intent.

Real-time data makes all the difference. Amplify any phase of your personalization strategy by capturing customer behaviors and preferences to create predictive models of buyer intent in real-time. Personalization solutions based on real-time data actively create personalized experiences based on what content known or anonymous customers are engaging with at that specific moment in time.

Data is streamed to a customer data hub, where machine learning algorithms respond in real-time and predictively serve up content that best aligns with the customer's buying intent. Solutions based on real-time data can be utilized across segments, but best results are seen when applied to individuals while they are actively interacting with your content.

Each phase of personalization is valuable and has a place in a personalization strategy. As retailers and manufacturers look to increase the impact of personalization efforts, they must consider maturing their approaches for sustained competitiveness. There is no need to start at the first phase and gradually work up; organizations just getting started on their personalization strategy may begin at latter phases and still drive the impact they are looking for.

The following chapters of this eBook will discuss each of the phases, along with their advantages, challenges, and best practices for ensuring a successful implementation.



Up Next -
Basic Recommendations

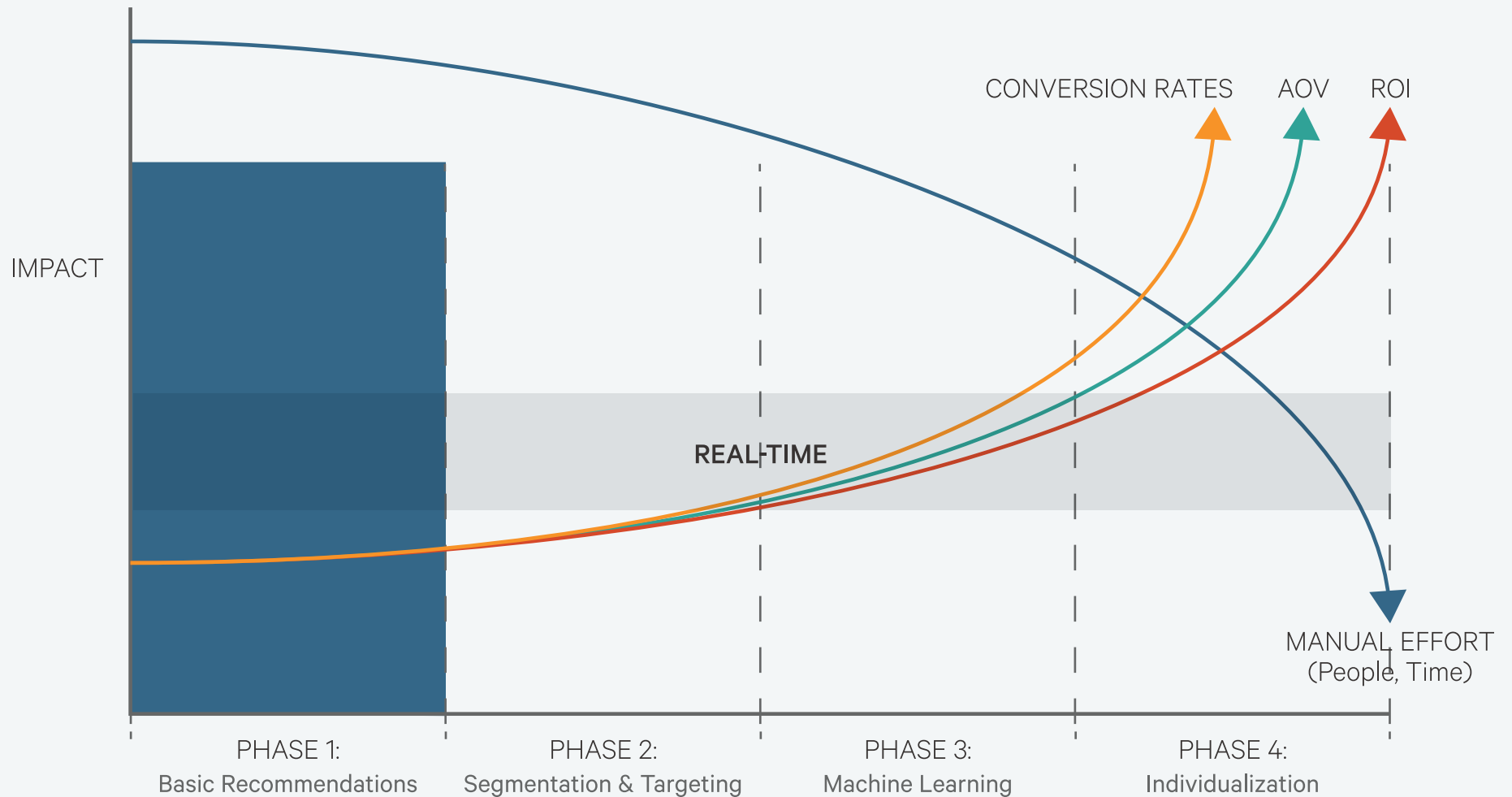
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BASIC RECOMMENDATIONS



1

In the beginning of personalization, we had logins and product recommenders. These are great, yet basic, features that add value to the commerce experience. Years ago, if a company was doing product recommendations, that meant they were doing personalization really well. Unfortunately, a personalization strategy centered around **basic recommendations** will only keep pace with consumer's expectations of relevant content, and will not yield the competitive differentiation most are looking for.



THE LIMITATIONS OF PRODUCT RECOMMENDERS

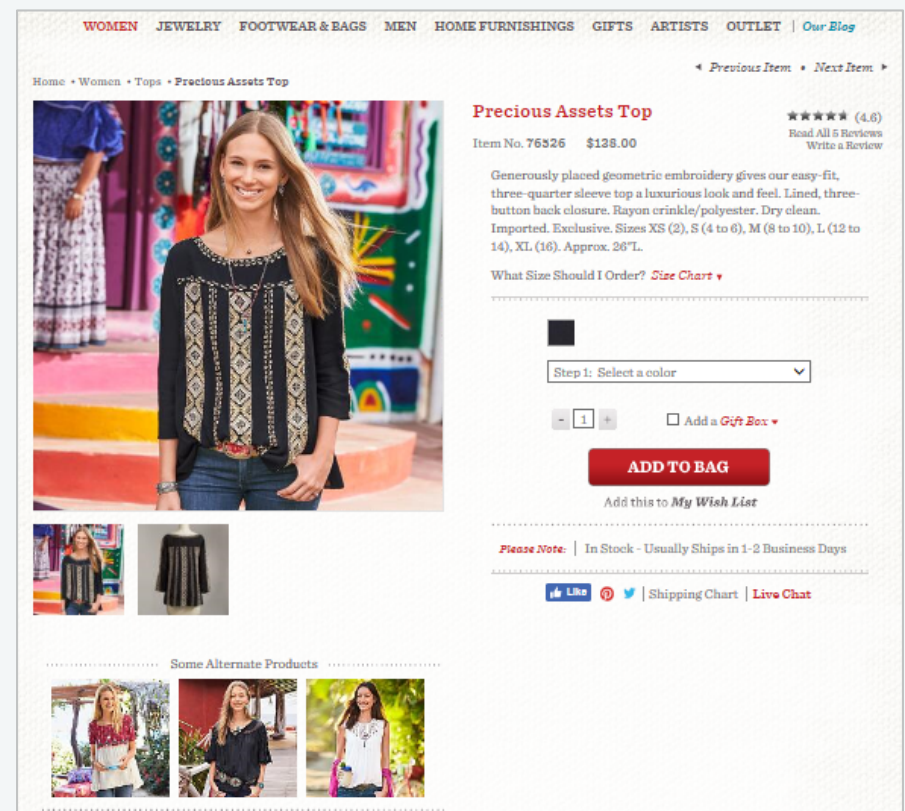
Product recommendations are a common feature of many eCommerce websites and commerce systems. While simple product recommenders are an important technology, the recommendations themselves are not related to the individual customer. Companies often make the mistake of thinking product recommenders and advanced personalization engines are built on the same technology. There are very distinct differences between the two and how they work. Let's take a look at a few of the ways that simple product recommenders masquerade as advanced personalization systems.

The basic technology behind many product-to-product recommendations is collaborative filtering. This technique, made famous by Amazon, uses an aggregate of browsing behaviors of shoppers visiting the site to figure out things like “people who viewed this also viewed these other items” or “people who bought this item also bought these other items.” The result? The website can showcase a limited set of items that are likely to be interesting to a customer who is looking at a particular item or has placed items in their cart.

It may seem obvious, but simple product-to-product recommendations are not personalized to the individual customer. Every customer that comes to a particular product page will see the same items on that page. The product recommendations are contextual to the product on the page or in the cart. This is not necessarily a negative approach. The customer's intent is usually aligned with the products they are looking at, so this is a good and simple way to show items a customer is

likely to be interested in. This is why these simple product-to-product recommenders are so successful and why these techniques are some of the key building blocks of modern personalization engines.

Companies looking to deliver personalized customer experiences should be well aware of how product recommenders fit in their personalization play. Below we delve into four different limitations about how product recommenders can't deliver one-to-one individualized experiences that today's demanding shoppers have come to expect.



Limitation #1: Ignoring The Customer And Focusing Only On Products

Simple product-to-product recommendations seem personalized because they rely on recently viewed or purchased items from a customer's history, then use that item to make “personalized” recommendations. This technique is frequently used for homepage recommendations to get customers re-engaged in their shopping journey or in emails to highlight products that are related to a recent purchase. And it works. A recent study has shown that these types of promotions on a homepage influences 85% of customers to complete their purchase.⁶ It's a great tool, but it's not true personalization because this technique does NOT take into account anything about the customer; including their preferences, location, or other attributes to refine recommended items to align with the individual customer's needs. They simply focus on the product-to-product relationship. Product recommenders can be powerful, but they miss the opportunity to increase conversions or improve order values due to the lack of customer centricity.

Limitation #2: They Lack Differentiation

Every product-to-product recommender is marketed as a differentiated and highly innovative solution. Unfortunately, simple product-to-product recommendation technology is highly mature and not difficult to develop. In fact, many tools and collaborative filtering techniques are widely available as open source technology. For this reason, many eCommerce platforms and marketing clouds (and even commerce brands) have built simple product recommenders of their own. Many solution providers

sell the simple recommendations as a unique and differentiated personalization engine—leading companies to believe they have innovative technology at their fingertips.

Limitation #3: A Traffic Threshold Must Be Met For Best Results

Simple product-to-product recommenders can give you pretty bad results especially on low traffic areas. Many marketers assume they can deploy automated product recommendations that will perform equally well on all pages of their site. For sites with low traffic, large catalogs, or long tail products, there can be serious flaws with the recommendations themselves. If enough customers do not browse or buy a product within the specified time when your models are computing, there will be a very weak or no affinity between products. This is dangerous and will produce subpar results. While the system comes back with results, the items displayed may not be relevant to the customer's buying intent—causing a poor and disconnected experience. This type of result is seen often on sites where basic product recommenders alone are utilized as part of the personalization strategy.


Limitation #4: Too Narrow a View

Simple product-to-product recommenders can only provide recommendations for a single product at a time. For example: In the shopping cart, when a customer adds more than one item, these product recommenders will make recommendations on the most recently added item rather than on the group of items.

If the customer is adding a single item or random items, the product recommendation engine will be successful. But because the recommender has an inherently narrow view, and can only provide recommendations on one thing at a time, if the customer is building an outfit the recommender is unable to complete the outfit, and completely misses the mark.

MOVING BEYOND BASIC PRODUCT RECOMMENDATIONS

Product-to-product recommenders are a stable stepping stone for those seeking personalization on their website. But what these simple recommenders lack is a true connection to the individual customer. Today's personalization engines take recommendations to the next level by combing each customer's browsing and purchase history to understand their preferences for things like categories, brands, colors, fabrics, or styles. Personalization engines also examine customer similarity to determine items that a particular customer might like based on what other people in their segments or location are interested in. This technique, combined with an understanding of product-to-product affinity, provides the true one-to-one personalized recommendations that many companies and their customers have been hoping for.

 **Up Next -**
Segmenting and Targeting

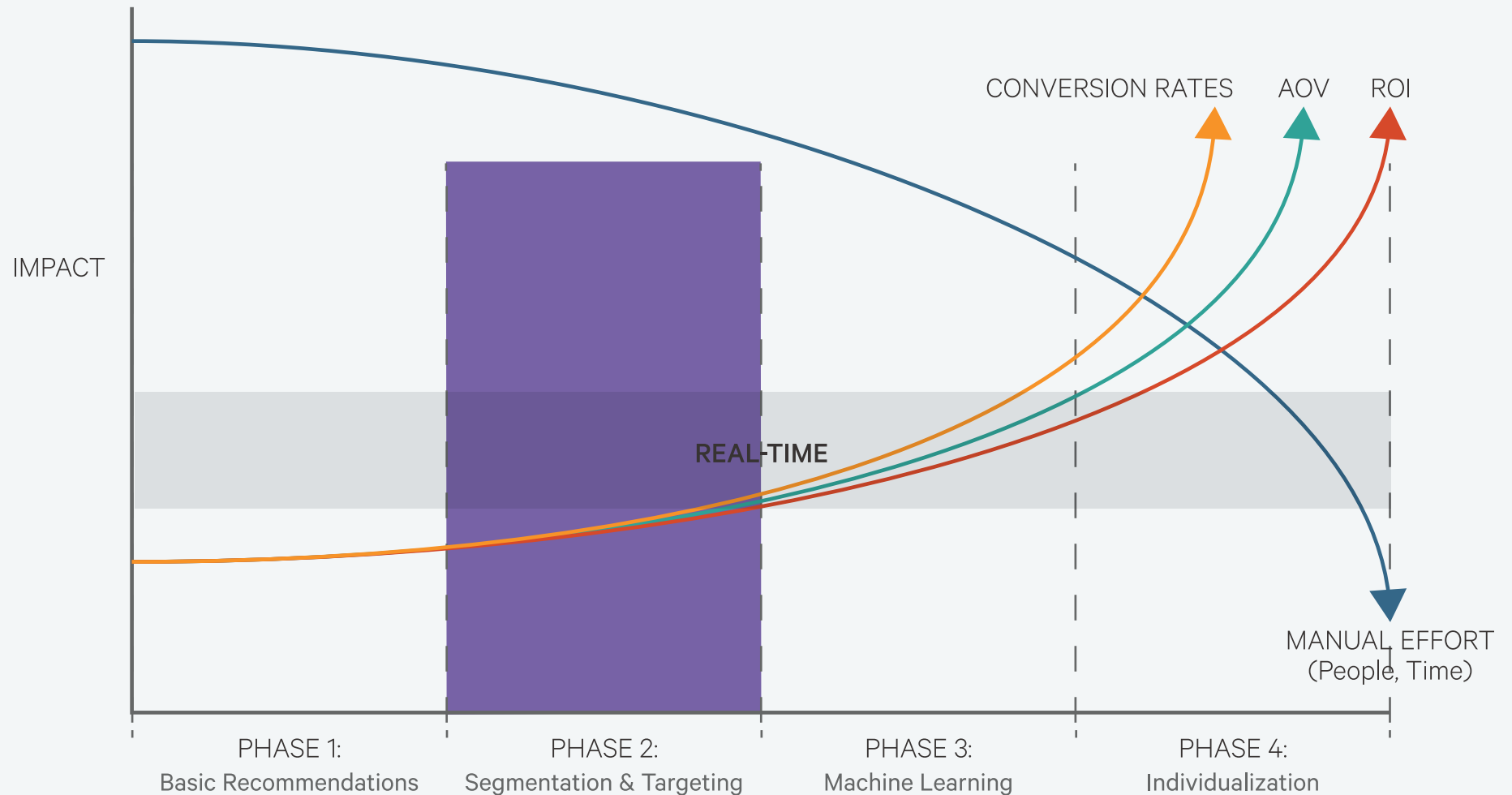
2 SEGMENTING AND TARGETING



2

Product recommenders are useful tools for merchandising, however the results may not be targeted based on personal attributes, but using the behaviors of a broader group of shoppers. Enter the next phase of personalization: **segmenting and targeting**.

Segmenting and targeting allows for a more narrow view of the customer than simple recommenders. Read on to discover the differences between segmenting, targeting, and personalization, as well as the limitation of using only segmenting and targeting as the basis of your personalization strategy.



THE DIFFERENCE BETWEEN SEGMENTING, TARGETING, AND PERSONALIZATION

The words segmenting, targeting and personalization have become interchangeable in many lexicons. Unfortunately this is a dangerous habit for those in the commerce space, as they have separate definitions and uses. Targeting and segmenting are important components of a comprehensive personalization plan, but they should not be the basis of the strategy. The difference comes down to this:

Segmenting and Targeting are about *marketer* needs and utilizes broad groupings to serve up generalized content.

Personalization is about *customer* needs and utilizes a personalization engine to serve up relevant content.

Segmentation and Targeting

Segmenting and targeting are about marketer needs and insights. It is a one size fits all experience. The site shows the same offers, content, and products to everyone who fits into a specific segment, as defined by geographic, demographic, psychographic, and behavioral traits. With targeting, marketers and merchandisers take insights across a segment of buyers and attempt to show relevant offers, content, and products to others who fit into that segment. There are a variety of techniques, but the most common is a rules-based approach. Most marketers will utilize

a few buckets that they group customers into, but this is more for the marketer than anything else – new visitors versus loyal shoppers, soccer moms versus football dads, or males versus females. The marketers believe buyers who identify with specific groups respond to similar content and make similar purchasing decisions as others in the group.

These segments make sense to the marketers and help them organize their content and promotions. For example, providing an incentive for first time shoppers to come back again. So, they set up promotions to target visitors in this segment. This is a great strategy. It allows the marketer or merchant to control what the visitor sees and hopefully allows them to optimize based on business needs.

Personalization Engines

Unlike targeting, personalization focuses on consumer needs. What offers, content, or products will a particular visitor find most relevant based on their current needs? To create a relevant, personal experience for each visitor, a personalization engine intakes all available information about the visitor – where they came from, where they are located now, where they live, what they searched on, what page they are looking at right now, what they have bought before, what segments are they a member of, etc. All this information combined with powerful machine learning algorithms tells a personalization engine what content or products they are most likely to be interested in right now.

Targeting And Personalization Engines Working Together

Targeting and personalization work together quite effectively: a modern personalization engine actually uses the marketer's segments as one of its inputs. The domain expertise used to generate the segments can be quite useful. If segments prove to have different interests, then the personalization engine should provide different content to each segment. In addition, domain experts may want to promote or target certain items within personalized areas of the site based on their business needs. For example, marketers may want to target a promotion to members of a loyalty program, or merchandisers may want to make sure that the combinations of items are always shown together. Either way, the idea is to show the most relevant and hopefully valuable offers, content, and products to consumers that will encourage them to buy more, and buy more often.

WHERE SEGMENTING AND TARGETING FALL SHORT

1. Fallible Marketer Opinion

Targeting rules tend to drive what the merchandiser or marketer thinks is important. At best, these rules are based on recent analytical data of big trends. While this can work in favor of a business pushing products with excess inventory, it can also have a negative effect if the targeting rules are based on marketer bias or incorrect buyer assumptions.

2. Update Frequency And Complexity

Because targeting systems depend on human intervention, they are slow to update. To determine that a targeting rule needs to be changed or added, a pattern must emerge in analytics or through an A/B test that is big enough for people to notice. The cause and effect has to be well understood. From there, new content may need to be created. Finally, rules are updated to show the new content to the new people or to update the existing rules. By the time the rules are finally changed, the trends that they were meant to capitalize on may also have changed.

3. Static, Macro Segments

Marketing segments or personas are usually limited to a handful of intuitive groups that the marketer can easily keep track of, like "sale shoppers" or "luxury buyers." These groups are usually pretty large so they can be tracked and included in campaigns. They are very rarely re-evaluated, leaving stagnant pools of macro segments.

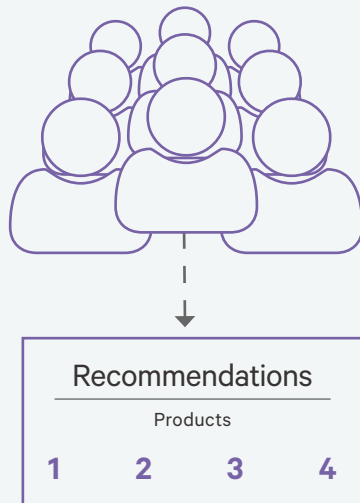
4. The Human Cost

While targeting rules might seem easy to set up initially, they tend to become unwieldy over time. First, rules can quickly go out of date. What was valid today might not be valid in a week or two. Second, rules and rule conflicts are very hard to troubleshoot, especially for people who didn't create them. To keep up, marketers will have to constantly be renegotiating segments and targeting rules, which is completely non-scalable.

5. Poor Performance

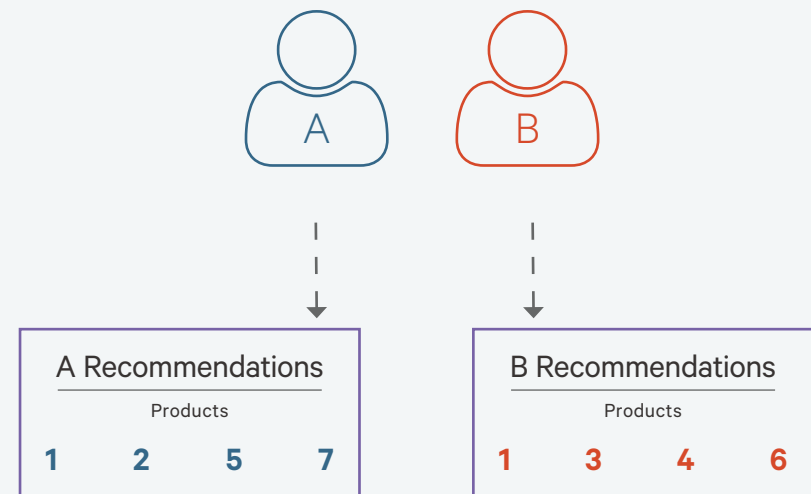
The goal of targeting and personalization is the same—to migrate away from a one-size-fits-all approach with stagnate conversion rates, to an approach that will show more relevant content and increase engagement, conversion, and loyalty. Targeting, which is a very limited approach that uses limited data, is also slow to adapt and can be loaded with bias.

SEGMENTATION & TARGETING



VS

PERSONALIZATION



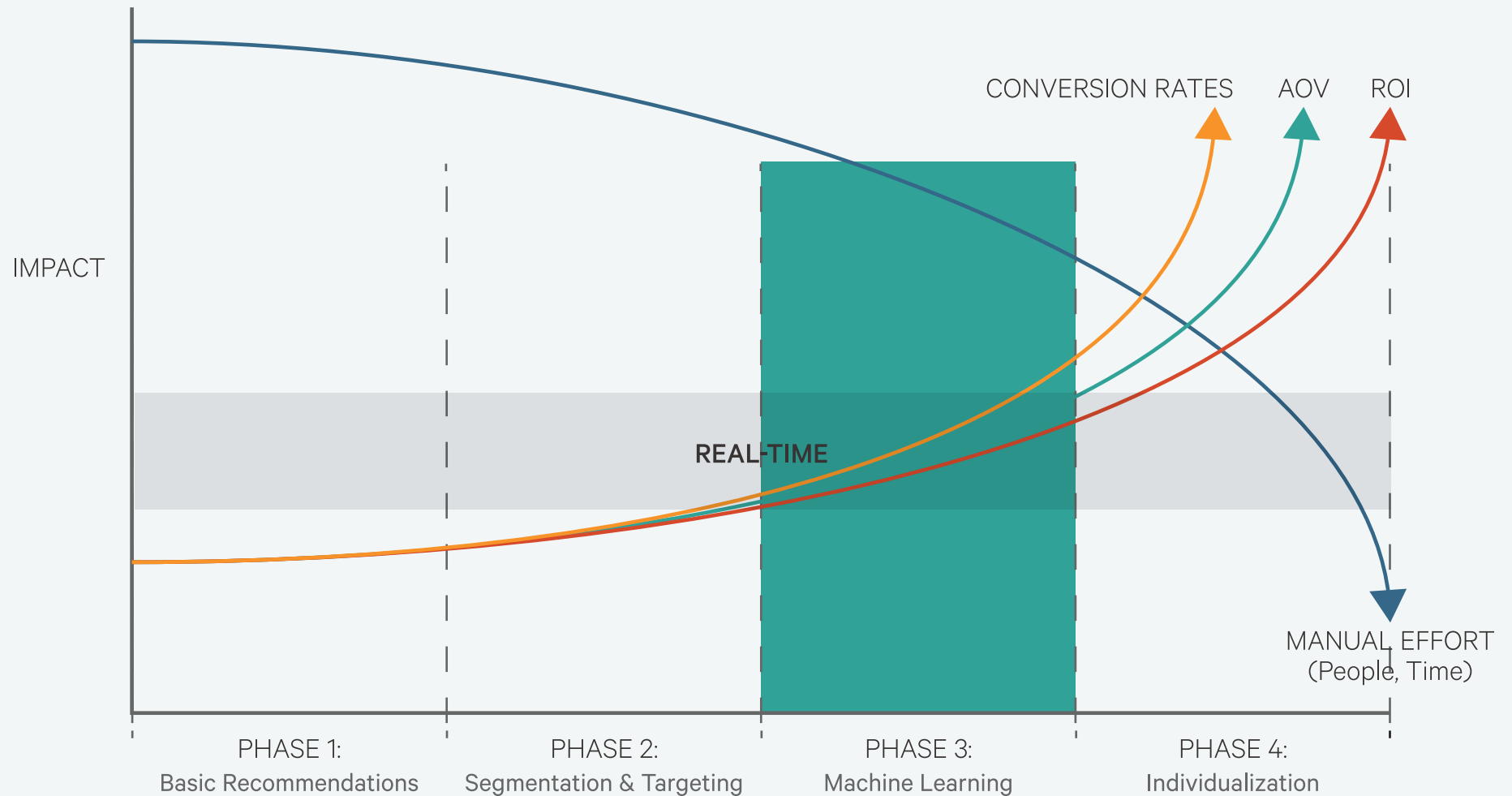
► Up Next -
Machine Learning

3 MACHINE LEARNING



3

While traditional rules-based algorithms can be effective, they require significant manual effort and are prone to human error. **Machine learning** automates personalization strategies through a unique set of self-learning algorithms that can predict buyer behaviors and purchasing intent—optimizing the content, promotions, and experience for customers at scale.



Machine learning is a part of the greater artificial intelligence (AI) conversation and is the first practical application of AI in retail. At its simplest, machine learning speaks to the development of computer programs that can change when exposed to new data, where the computer has the ability to learn without being explicitly programmed --the complete opposite of what has been reality for many marketers engaging in manual efforts to personalize the experience for their digital shoppers. Using machine learning means consumers using the site would naturally feed the personalization engine information that can then be used to automate the optimization of algorithms responsible for offering personalized products, content, or promotions.

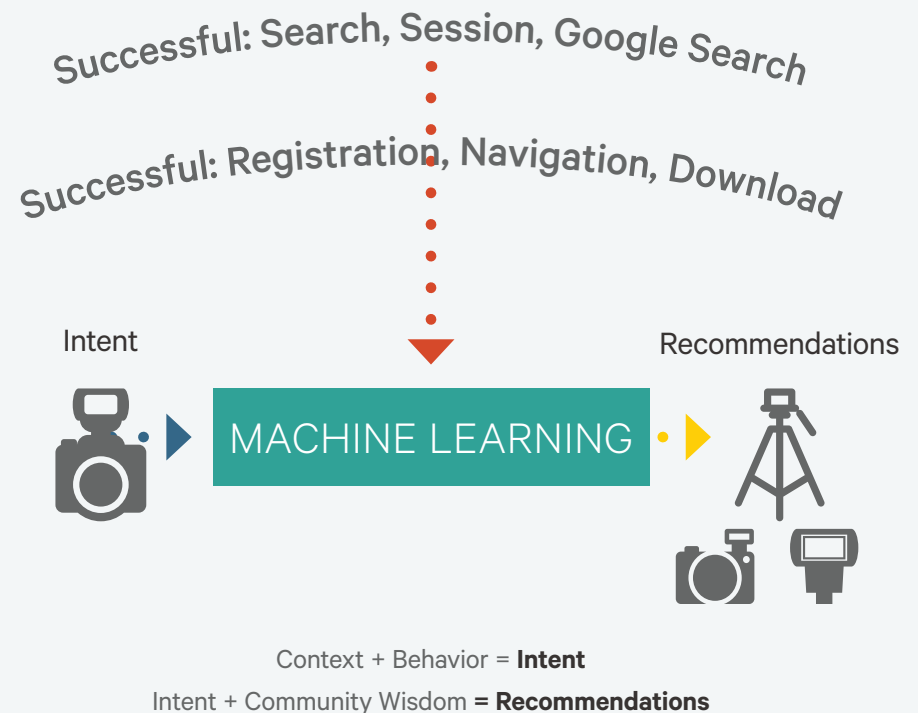
As phase three of the Personalization Maturity Chart, machine learning can be applied whether or not product recommenders are utilized or if targeting and segmenting is in place. Machine learning is where personalization strategies begin to scale with high levels of accuracy for customers.

HOW IT WORKS:

Machine learning has the capability to build a unique customer profile for every customer by observing all available data like their online behavior and interactions with brick and mortar stores. The profile is then augmented with other known and assumed data, such as their demographics like gender or shopper type, and their inferred preferences such as their favorite brand, to create a holistic profile of each customer. This powerful profile is then used to drive thoughtful, individualized experiences for the customer across all devices and touchpoints.

Machine learning observes, learns, and adapts.

Observe: Personalized content is based upon observing the implicit actions of website visitors. This helps to interpret the intent of a website visitor. Some of these actions include how a visitor arrived at the site, the context of successful search queries and navigation patterns, downloads, purchases, and registration input. These behaviors are captured and sent to the personalization engine, typically using code embedded on the website.



Icons Created by Freepik

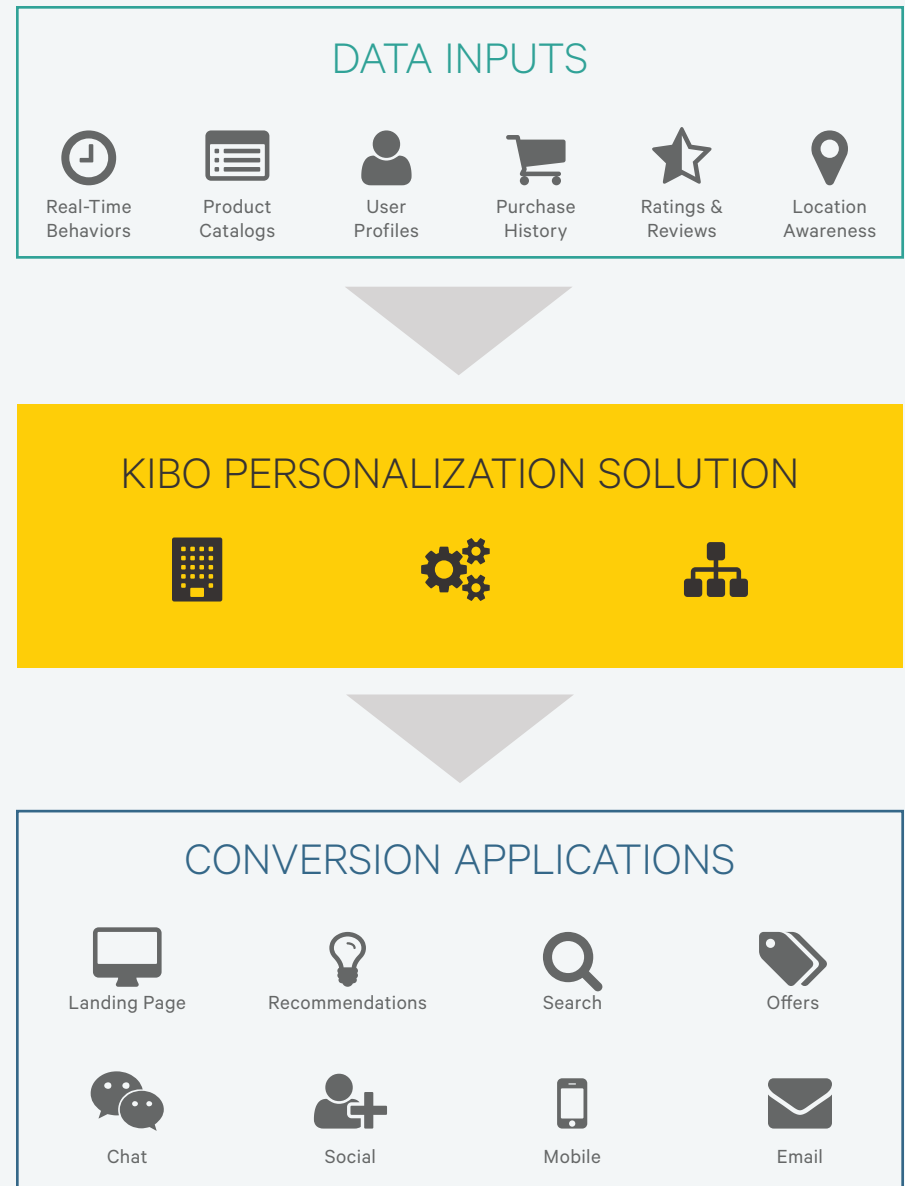
Learn (collective wisdom): Strong personalization engines using machine learning well are able to identify emerging intent among visitors and captures the collective wisdom of the crowd. By silently observing the behavior and context of visitor actions on a website, the personalization engine is able to analyze the data and identify and leverage virtual communities of like-minded, anonymous visitors who have similar intent. The personalization engine can then identify emerging patterns among website visitors which represents the collective wisdom of the crowd.

Adapt (deliver recommendations, search results & navigation): When a visitor arrives at a website page or opens an email, a personalization engine can deliver appropriate recommendations. When a visitor does an onsite search, the personalization engine can provide enhanced, relevant search results. Additionally, navigation should adapt according to the context of the user.

BENEFITS:


Machine learning solves for the shortcomings of basic product recommenders, segmentation, and targeting by providing several key benefits:

- Focuses on what is best to satisfy the customer's needs based on behavioral data and known preferences.
- Finds patterns of behavior and continuously learns the perception of each customer based on their current behavior and new data. The content displayed to each customer is based on the most recent interactions from that customer and other customers that the system has learned.



- Identifies the customer's in-the-moment intent to make relevant recommendations for their current goal, solving for the common pain where personalization engines don't recognize gift shopping vs personal shopping.
- Creates more valuable and relevant experiences for the customer.
- Increases conversion rates, average order value, loyalty and repeat visits, and site or app engagement.
- Decreases merchandising time, vendor services costs, and total cost of ownership for retailers.
- Frees up the time of marketing teams so they can work smarter because the self-learning algorithms will keep up with changes in the catalog and content, or changing tastes or trends of buyers.
- Incredibly agile and scalable way to match customers with relevant content.
- More granular, faster to adapt, and don't develop bias toward their prior conditions.

While real world applications of personalization ultimately require some level of human intervention (creativity, website look and feel, user interface) to get the digital experience just right, allowing machines to solve the problems of automated learning and scale can free up marketing teams to do the work they love instead of managing complex rules-based personalization algorithms.

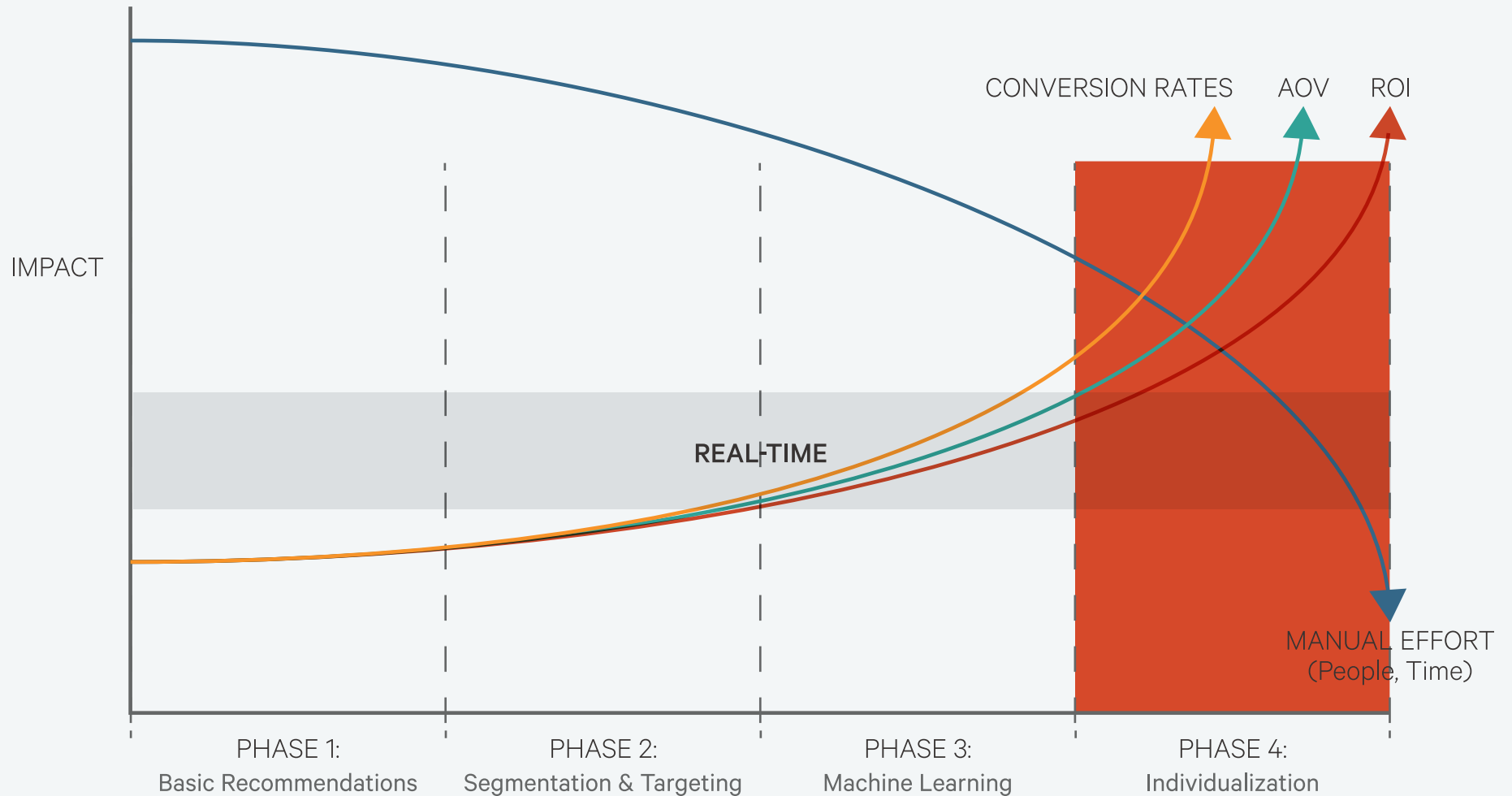
 **Up Next -**
Individualization

4 INDIVIDUALIZATION



4

So far we have discussed many different aspects of personalization. Recommenders, segmenting and targeting, and the advent of machine learning. These all have great uses and can pull their weight, but they can't come in and win the day. In a world where individual customers want unique experiences, the best thing a company can do in the realm of personalization is to provide **individualization**.



Machine learning cannot and never will provide 1-1 experiences. It is not unique to the individual, it is not predictive, and it certainly isn't real-time. Imagine being able to serve up real-time offers to your customers, increase conversion rates, and build trust and loyalty. Unfortunately most don't know that this is possible. Read on to discover how personalization becomes individualization, and can change your personalization game forever.

HOW PERSONALIZATION BECOMES INDIVIDUALIZATION

eCommerce and the Psychology of Human Needs

Understanding individualization starts with understanding human needs. According to the psychologist Abraham Maslow,⁷ needs are a powerful, motivating factor behind everything we do: Who we see, how we spend our time, how we spend our money, what we consume, and how we react. Every emotion we have is linked to whether or not our needs are being met.

In 2008, Forrester analyst James McQuivey, Ph.D. applied Abraham Maslow's theory to eCommerce when he studied the impact of digital tech on old school businesses. McQuivey stated that eCommerce hits on our four needs: connection, uniqueness, comfort, and variety. Everyone has all four needs, but they vary in importance from person to person. In the end, we trade off one need for another and this comes into play when we shop online.⁸

eCommerce Sites Have The Potential to Understand Your Needs

As you learned in the last section, technologies such as machine learning combine shopper patterns of behavior with sophisticated predictive models to infer the context of a shopping visit and the shopper's intent. Based on all available data, it knows where the shopper has been, what thousands of others similar shoppers have done, and can predict where the shopper will likely go next, what they want, and what they need.

While machines can absorb, track, and analyze exponentially more data than humans can, we still need the human response to the data. Where machines have predictive models, humans have instinct, experience, and gut feel. Smart companies combine the power of both humans and machines.

Better Together: Merchandisers And Merchandising Automation Both Bring Something To The Table

Merchandisers bring their knowledge, intuition, and judgment. Machines bring capacity, processing power, speed, and a nearly perfect memory. They process more data than humans can, identify patterns, and turn them into pictures that humans can make sense of. With expanding product catalogs, global traffic, and expectations of modern shoppers, it's a data avalanche. So what data do you look for and how do you make sense of it? Machine learning professionals say it all starts with the feedback loop.

FEEDBACK LOOP

First, humans need to decide what data to look for. These inputs can include:

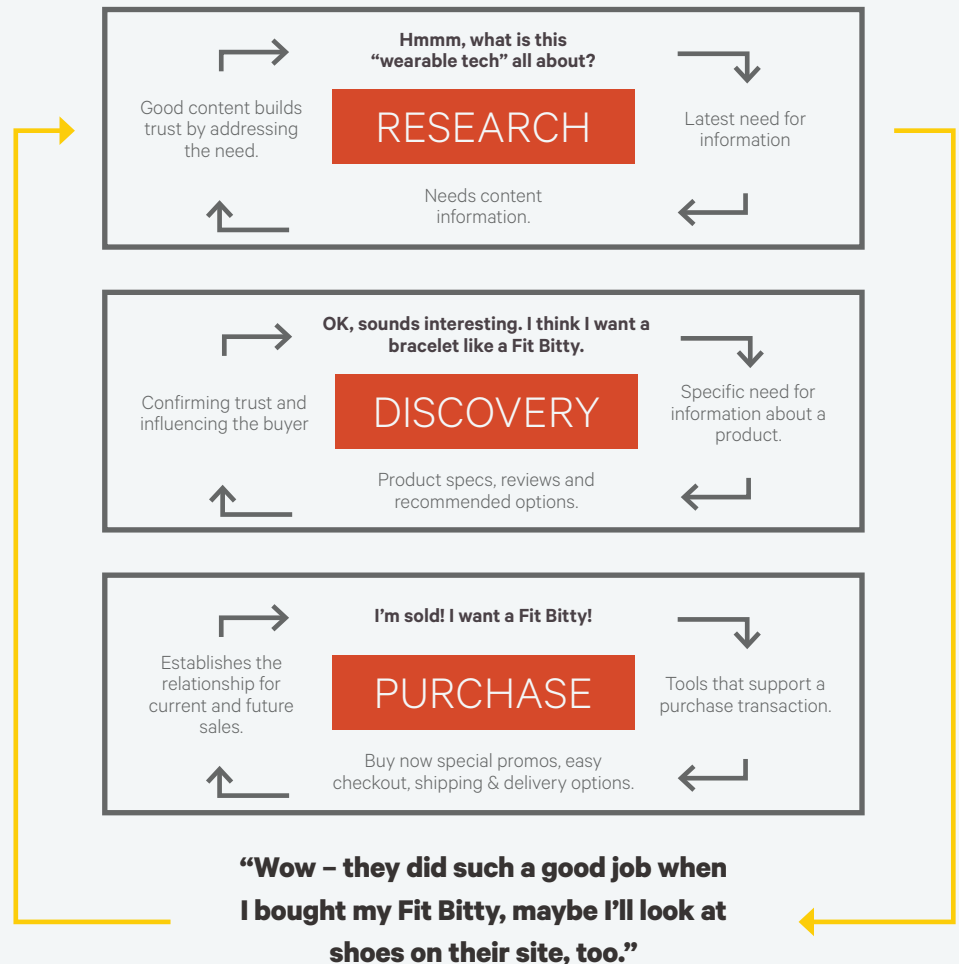
1. Behavioral signals like present and past, online and offline activities
2. Environmental context like location, device, and time of day
3. User attributes like demographics and social connections

Next, we match the inputs with possible outputs. On a general level, if “I’m hungry” is an input, then “food” is the output. In our context, humans must give the machine information about all of the possible matches it can make between inputs and outputs. Outputs are typically product catalogs or other data like:

4. Attributes such as product or content details and specs
5. Metadata like crowd-sourced descriptions, categorizations, or product reviews
6. Behavioral signals like which products get the most attention, orders, subscriptions, etc.

Once the machine has these instructions, it starts to watch, listen, learn, and deliver outputs that best match the input. If “I’m hungry” is the input, then all of the things on the menu are possible outputs. But, the final recommendation is “French fries” because that is what most shoppers end up buying. Need solved.

Done well, your shopper sees recommendations that are just what they are looking for.



WHAT YOU SHOW THE SHOPPER AND WHEN IS CRITICAL

The consumer buy flow includes research, discovery, and purchase. Consider the different reasons shoppers may go to an eCommerce site. These reasons all fit into the consumer buy flow. When a shopper is engaging with the site, the way the site responds at different stages of the buy flow can make a big impact on whether or not shoppers will make a purchase.

Once the reason for the site visit is identified, technology can then serve up the right types of content to assist in their reason for the visit. For an example, a shopper has come to a site looking for the latest in wearable tech. If their behavior looks like they are in discovery mode, content like product specs, videos, and testimonials will engage the shopper and build trust. Alternatively if the shopper has been on a page few times already, has perhaps started but abandoned a cart, now is the time to show them that special promo and to get them to convert. Many websites offer a discount offer (usually when signing up for an email list) in a pop up window when new visitors visit their site. However most new visitors are in research or discovery mode and aren't ready to take action on that misplaced promotion. Using a personalization engine can offer up the email subscription and discount offer at the right time when shoppers are ready to commit.

If customers are looking for inputs of their own—supply them. If they are looking to make a decision, provide them with more actionable outputs.

PERSONALIZATION STARTS WITH GENERALIZATION

The way a site responds at different stages of the buy flow can make a big impact. In order to personalize, generalizing is a great place to start. As much as humans think we are all 100% unique, the truth is that we are actually more alike than we are different.

Human brains are built to stereotype and generalize. We apply rules and categorizations learned over a lifetime to quickly figure out which categories or subcategories a person or thing falls into and act accordingly. That gets most of us about 99 percent of the way there. To understand the world around us, we first apply learned stereotypes. Next we look for the ways that something differs from the stereotype. It's called a feedback loop and humans and machines function in the same way.

Personalization engines start by treating a shopper the same as other shoppers with the same combination of interests. But when shoppers don't respond as predicted, it corrects itself. Sometimes that means assigning a different stereotype or it means that it needs to watch and observe in order to learn additional unique characteristics of that shopper in the present moment.

Personalization systems that understand what sets us apart is our unique combination of interests, then they can deliver more dynamic, accurate results in the context of that moment in the shopper's journey.

PERSONALIZATION WORKSHEET

Try these simple steps and start to apply the principles of personalized customer experiences across all touchpoints. Answer the following prompts:

A: Make A Simple Description Of Your Customer

B: Draw a profile of your best customers:

1. Why do customers buy from your brand?

2. What is the shopper on-site behavior?

3. What are the search terms used?

4. What are the most popular pages?

C. Map Out Your Customer's Journey

Sketch out your basic customer buy flow to determine the personalization strategies that will deliver the best results:

When do they shop?

On what devices?

Do they use promotions?

How do they find you?

5. How many products do they look at before they buy?

D. Detail Current Personalization Programs

Discover what personalization plays are currently in use at your company and build on them instead of re-inventing the wheel:

1. Which phases from the Personalization Maturity Chart does your company already implement?

2. Are the programs rules based?

3. Who in the company is responsible for creating and maintaining rules?

4. How often are they updated?

5. What filters do you rely on?

E. Make Your Personalization Dynamic

Consider how personalization is used throughout the website:

1. What filters are used for product recommenders?

2. What personalization is applied on the home page?

3. What personalization is applied on category pages?

4. What personalization is applied on product detail pages?

5. What personalization is applied on landing pages?

F. Rally The Troops

Identify those in the company who can be an ally and compatriot for true personalization:

1. Who will help build the business case for personalization?

2. Which departments will personalization effect?

3. Who in those departments should be brought on at an early stage of implementation?

EIGHT MISTAKES IN PERSONALIZATION

A recent article was published which began with an anecdote about a woman who purchased a knit blanket in the shape of a mermaid tail as a gift for her youngest daughter. She browsed the site, made the purchase, and then was haunted by retargeting of the mermaid tail and others like it for weeks. The clear point was that company's "personalization engine" isn't performing how it really should for a great and effective customer experience. This section will identify the top mistakes companies make with personalization and how to overcome them.



In the quest for true personalization, we've seen many stumbling blocks, misconceptions, and mistakes made by marketers. The following are eight of these wayward beliefs or ideas, and most importantly how marketers can overcome them.

1. Living And Dying By Profiles

Most marketers think they need detailed profiles or segmentation to personalize. This is actually unnecessary. Here's the better solution:

- Understand Intent. Think about the clues your web visitors send out as they click through your site— what terms do they use to search, what items do they engage with, what does the click path look like as they navigate from here to there? Now think about how you can leverage these even if you don't yet know the visitor.
- Think about it: If you're marketing effectively, a large proportion of your web traffic is new visitors; people you have no data on. But that doesn't mean you know nothing about them. In fact, if you're looking, you can pick up dozens of clues from each session. We call these contextual clues because they tell you what the visitor is trying to do—and they're available to you whether or not you know the name, address, and shoe size of the visitor. Once you're tuned in to clues about the shopper's current intent, adding in any profile data available can be quite valuable. But use profile data alone and marketers run the risk of alienating shoppers by treating them as if they are only living in the past.

2. Building Your Personalization Strategy On Rules Alone

Many personalization tools are just digital rules engines. Rules like “If a shopper does this, then offer that” are created by experts who, ideally, understand both technology and the ins and outs of your business.

- The problem is that, on their own, personalization rules don't work. Here's why:
 - They're labor and expert-intensive. Not every company can afford their own tech-lab and data scientists. We shouldn't all have to grow our own personalization solution.
 - They go out of date quickly. eCommerce is changing so fast that merchandising rules need constant tweaking and testing. Out-of-date rules inhibit conversion.
 - They multiply like rabbits. Rule stacks start growing on day one and never stop. That creates a management headache that grows, too.
 - They clash. As rules multiply, they start disagreeing with each other. These conflicts impede your ability to optimize site revenue and conversion rates.
 - Their uplift degrades. Because of the above dynamics, the benefits of rule-based personalization tend to diminish greatly over time.
- The best case scenario is where you take a machine learning system and ask it to optimize for the KPI you care most about and let it run. But not all organizations are quite ready to trust machine learning alone. So merchandising rules should always be available to be used sparingly for exceptions (like promotions), to hard-wire key business rules (like blocking licensed content from some territories), and to target visitors based on explicit profile data. But rules alone will seldom deliver the results that math-based machine learning systems provide.

3. Over Orchestrating

Many eCommerce executives think personalization is a massive exercise requiring a big IT implementation, an overhaul of people and processes, and of course, a new eCommerce platform.

- If done right, personalization doesn't have to be as painful and intensive as all that. With today's Cloud-based solutions, personalization is usually deployed quickly, requires some, but not much support from IT, and in some cases, comes with a simple, intuitive user interface so that your merchandising teams are effective immediately and able to deliver measurable ROI within 90 days. First-generation personalization

solutions were like first-generation CRM tools. Designed for the power user with a heavy dose of IT support required, personalization 1.0 was not ready for the fast paced world of eCommerce today. Times have changed and personalization solutions either work with you to accelerate your time to productivity, or they die. If it's all about increasing revenue, conversion, engagement and average order value, then empowering the merchandiser without heavy IT lifting is job number one.

- The Power of Data. The best guide for accurate personalization is the thousands of shoppers that have already visited your site. Machine learning systems ask “What did like-minded shoppers do? What was their intent? What products or content helped them to fulfill their need?” This data is directly absorbed into the models and algorithms of a big data platform to predict relevant personalization.

4. Thinking Everyone Is Special

Many confuse personalization with treating each shopper uniquely: one to one. It's a nice thought, but actually really hard to do. The truth is, people are more alike than we think—it's our patterns that make us unique. That's why aggregating shopper pattern data delivers a personalized interaction that feels genuine to each shopper.

- Patterning is so much more than tracking clicks. The sweet spot for understanding intent is to focus in on what people are really engaging with. Paying attention to the patterns of shopper engagement activities like page views, dwell times, mouse movements, scrolls, and video views gives you a ton of insight into what your shoppers are really looking for. These insights accurately predict new visitor behavior and offer an experience that feels personalized from the first click. Tracking these activities also offers priceless intent clues—as long as you can detect and act on them in real time. Responding to these micro-behaviors while the session is still live is where the real uplift comes from personalization. Waiting for a purchase so you can adapt the next visit is too little,

too late. Using predictive modeling, personalization capitalizes on real shopper engagement patterns and delivers content or products tailored to that shopper before they ever have a chance to click away.

5. Misusing Your Experts

Data analysts and merchandisers who understand eCommerce are worth their weight in gold. They also tend to cost their weight in gold—and for good reason.

- If you're using your experts to analyze thousands of web sessions, slice and dice the data, generate insight and create rules to capture that insight, you'll never be as responsive or as profitable as you need to be. How will you understand what your customer needs today if you are only looking at what they wanted last week? It's time to get over the 'insight lag' that plagues so many digital commerce initiatives.
- Be here now. Instead of getting experts to analyze spreadsheets and look for patterns, the system itself should harvest insight from all the micro-behaviors taking place on your site—right now—to determine intent and deliver the best content for each customer in the moment. Just as importantly, your personalization solution should dynamically monitor the results and automatically improve over time. There's just too much data for humans to track these days. Let the machine learning and big data systems do the tracking and your rock star analysts and merchandising pros focus on adding value at a much higher level.

6. Forgetting The Power Of Search

Search is one of the most powerful intent signals any user can transmit both as they navigate to your site, and while on your site. But most websites (and many personalization platforms) ignore it completely. It's a simple concept: the search terms shoppers use should be a primary driver of the content they see. Whether it's natural search or pay-per-click, the search term is

a big, bright, neon sign that says, “I’m looking for X.” To ignore it and serve up generic content is opportunity lost.

- By augmenting your basic on-site search, marketers start to understand product affinities better and improve overall site navigation. Does your site refer to that black clutch as a handbag, a pocketbook, or a purse? Probably not, but your shoppers do. Onsite search should help you to make a logical pairing between shopper vocabulary and your product descriptions.
- Find-ability is a critical element of a great customer experience: Whether on the web or on your site, if customer experience is important to you, don’t forget the power of search.
- Valuable Insight: Analyzing your on-site search activity is a powerful guide for SEO and search marketing. Understanding how people search on your site can help you discover new keywords, improve paid search reach, and boost natural search performance as well as helping your shoppers to find what they are looking for easily and in their own language.
- According to Forrester Research, Inc., a strong homepage with key features like clear product categories and helpful on-site search are essential to ensuring that customers who land on any given page can find exactly what they are looking for.⁹

7. Thinking Of Personalization as an Accessory

You wouldn’t dream of running your site without a powerful eCommerce platform right? If conversion is important to you (and revenue, and engagement, and CTRs) then personalization should be at the top of your list if it isn’t already.

- eCommerce growth continues to surge and great companies are taking advantage of this trend to grow revenue and profitability. A big ingredient? Investing in initiatives that improve the customer experience like better product detail pages and personalization. From improved

layout and photography, to more compelling product and content recommendations, the product detail page is where conversions happen.

- It’s that relationship thing. Relevant, engaging content keeps your shopper on your site longer. And, when that content meets the need of that shopper, believe it or not, they get this great feeling of satisfaction. It’s almost like winning at a game of Concentration. Thoughts like “I found it!” and “I solved my problem!” go through their mind and at the end, they have you to thank. Take this powerful psychology and marry it with a really well designed product page and you have the beginning of a lifetime customer relationship. The combination works so well, that savvy eCommerce execs deploy personalization as broadly as possible across all of the touch points where they interact with shoppers. Personalization is now so ingrained and expected by shoppers that it is a modern day necessity.

62% One retailer increased engagement rates when they added recommendations to product detail pages¹⁰

8. Limiting Personalization On Your Site

Your website is where shoppers from all parts of the globe and all walks of life can find you. Why not treat them like the loyal customers you hope they become from minute one?

Great retailers know that there is a lot of psychology involved in effective marketing. Creating affinity to your brand, making the relationship personal and capitalizing on shopper impulse—these are time-tested tricks of the trade. The best personalization strategies use what you learn from all of your shoppers—known or unknown—to make personalized recommendations in each interaction—from

product detail pages, to category pages, cart pages, the home page and even landing pages so that each visitor finds relevant products and content. Shoppers see you as a single brand regardless of how or where they find you. Be sure your personalization approach covers all of the bases—mobile, email, and website.

CONCLUSION

We've seen that web personalization can strap a rocket to your conversion rates, keep buyers coming back for more, and drive improvements in all other channels. But only if you do it right.

If we only leave you with one thought, it should be this: serving customers' immediate needs always pays dividends. Today's eCommerce marketplace demands that you identify customer intent fast, deliver a satisfying experience to your shopper, and respond more effectively.

“

The ability of this solution to intelligently introduce our customers to relevant products across our ever growing assortment made Kibo a superb choice to augment our internal expert recommendations.

”

David Markle, Director of Site Experience, Hayneedle.com

If you would like to learn more about personalization and Kibo's Real-Time Individualization Solution™ visit kibocommerce.com

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10. Kibo Internal Data



Kibo is a leading omnichannel commerce platform for retailers and branded manufacturers with over 800 customers fulfilling orders in 75 countries. Clients achieve optimal performance and loyalty through truly connected customer experiences across customer devices and retail touchpoints. Kibo's unified approach includes a leading ecommerce platform, big data 1:1 personalization, mobile POS, and distributed order management delivered via a modern, cloud-based infrastructure. The Kibo platform can scale as clients grow their business while maintaining a low cost of ownership and faster time to market than other solutions. Kibo enables you to reach higher peaks of sales and customer loyalty. No matter the challenge, Kibo powers your success.

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