



## WHITEPAPER

# A marketers' guide to personalization

*Creating customized consumer experiences*

## 1. The market view: personalization in 2019

*The ability to create individualized marketing communications is fast becoming mainstream. As a result of this shift, the term "personalization" is now frequently seen in marketing, content, and ecommerce strategies.*

Descended from product-recommendation engines, personalization engines (or "decisioning engines") are fast evolving into seamless experience-management tools for both online and offline environments. The potential to tailor consumer encounters is no longer confined to websites and social media platforms; it's now becoming integral to the customer experience in physical locations such as retail stores and hotels.

A key driver of this evolution is the push to get a truly unified customer view through customer data platforms (CDPs), broad-based testing, automation, and

immediate decisioning. These technologies are becoming ever-more effective with the growing use of artificial intelligence and machine learning: offering new capabilities such as machine vision, as well as targeting that improves in accuracy over time.

As a sign of how mainstream personalization engines have become, they now have their own Gartner Magic Quadrant report. In fact, as the report notes, this category saw a 35% revenue increase between 2017–2018.



Fig 1. Magic Quadrant for Personalization Engines. The Magic Quadrant focuses only on vendors who offer personalization engines as stand-alone solutions.

Personalization engines are powered by data from consumer profiles, or by the tracking of anonymous user behaviour (usually online). This is then overlaid with additional third-party data – like real-time behaviours, geography, and transactional information. Most engines not only help orchestrate multichannel marketing, but also personalize digital commerce experiences through customized product-recommendations.

A number of personalization-engine vendors are expanding their capabilities to trigger interactions across touchpoints like chatbots, kiosks, and call centres. A small number also offer the ability to carry out surveys, and gather and incorporate user feedback.

Overall, the Gartner research reflects the significant growth of this product category and highlights marketing leaders' increasing reliance on personalization technology for business advantage.

## 2. The vendor view: shaping personalization-engine innovation roadmaps

The Gartner report highlights that personalization-engine sellers and their capabilities are shaped by five main points:

- 1. Offering a complete view of the customer** – Since unified customer data is so central to personalization, Gartner notes that some vendors (such as [Certona](#), [Evergage](#) and [Monetate](#)) are increasingly becoming like CDPs. The more personalization engines take on the responsibilities of customer data management, the more likely they are to become the jewel in the marketing-suite crown.
- 2. Testing and experimentation at scale** – Capabilities range from basic and multivariate testing to more complex implementations. Sellers are placing greater emphasis on directed testing (recommending tests for users to conduct).
- 3. Balancing automation with user control** – Sellers are recognizing user demand for control. As a result, they're delivering functionality to ensure messages generated by the engine stay within brand, frequency, and channel parameters to deliver positive customer experiences.
- 4. Integrating services** – Brands and agencies are looking for tools that can be layered onto their existing martech stack.
- 5. Preparing for increased regulations around data privacy** – With increased regulations around consumer data usage and privacy being scaled up – and browsers like [Chrome now becoming cookie-free](#) – marketers should enquire about capabilities like data governance; including the ability to enable user access to data, and the right to be forgotten, as well as native or third-party management of opt-in/opt-out.

### 3. The consumer view: enhancing the shopping experience

One area where personalization and personalization engines really come into their own is the ecommerce arena. By serving customers with bespoke shopping experiences and targeting ads based on their individual interests, retailers can offer them truly relevant products and services. And it works: according to one [recent report](#), 72% of consumers will only engage with personalized communications.

Despite their apparent appreciation for personalization in the ecommerce space, consumers are however fearful for their data privacy – and high-profile data leaks in the news spike fears. According to the [Smarter HQ Privacy & Personalization report](#), data security and privacy are top concerns, with 86% of consumers citing these as a worry.

Being aware of this gap between consumers' apparent love for personalized experiences and their data-security worries is incredibly important in implementing personalization. The type of data we ask customers to share and how it is used need to form the basis for any ecommerce personalization strategy. The same report states that "90% of customers are willing to share their behavioural data with brands if it means cheaper and easier shopping experiences". Customers are willing to share data – if they see it as a fair exchange. Email is cited as the best way for brands to communicate with consumers, with social media coming in second.

But personalization that hints at brands 'spying' on consumers or 'following them around' is seen as 'creepy' and off-putting. Top of the creepy list are online

chat pop-ups using AI, followed closely by push notifications about brands and products that the consumer has previously looked at (behavioural retargeting). These tactics can sometimes reduce engagement. 63% of consumers will stop buying from brands who use poor personalization tactics.

Brands need to apply the same 'rules' to online personalization as they would in the real world. Having someone with an ad on a sandwich board physically follow a customer around a shopping centre – or having someone pop up and start recommending the last product a consumer looked at – would be unwelcome offline; so why think it's going to be well-received online? Consumers need to feel respected and in control, with the available option to turn off or opt-out of marketing messages.

For some ecommerce brands, personalization is their whole business model. [Birchbox](#) is a commerce platform that offers users a highly personalized way to shop and discover new beauty products. It's a subscription service which allows users to sample high-end products. The brand has taken a usually high-cost marketing tactic (mass sampling) and used its subscription data and other data points to ensure users only get samples that are tailored to them; making it a much more cost-effective marketing exercise, and opening up a whole new channel for the brands it carries: funneling customers in a completely new way.

AI-powered "predictive experiences" are changing the way brands interact with customers. Predictive analytics can help brands to understand everything from what customers will want in the future, to how the market will perform, and the biggest emerging trends.

A great example of a brand using AI-powered predictive personalization is Harley Davidson. The brand uses predictive analytics to target potential customers, generate leads, and make sales. [Harley Davidson](#) uses an AI program called Albert to identify potential high-value customers who have shown signs that they are purchase-ready. A salesperson contacts the customer directly, explains that this is a personalized service for a limited number of customers, and walks them through the process to find their perfect motorbike. The customer gets a personalized experience and the company can focus mainly on serious, high-value customers.



As Zappo's Jeff Bezos so succinctly puts it:

"If you're truly focused on your customers and listen to them, you'll be able to accurately guess what they'll want next."

[Source](#)

*Photo by Alexander Iaconetti on Unsplash*

Volvo also used predictive personalization, but for their current customers. The brand uses data to predict when their cars need to be serviced and what parts need to be repaired or replaced. Volvo's [Early Warning System](#) predicts each part's breakdown rate and recommends in-life service plans to customers before the part breaks and causes bigger issues. Volvo also uses this system to understand and predict the most popular features for drivers. In short, personalization and data tactics should be rewarding and helpful for retail consumers. Segmenting data and targeting it correctly to reflect what individuals want and need will result in better relationships between brands and consumers, and improve customer loyalty. And predictive analytics powered by AI has the potential to change customer experiences for the better, and to predict what customers want before they know it themselves. It's a powerful tool for companies who want to create amazing customer experiences.

#### 4. The content view: personalization is changing publishing, forever

Personalization for ecommerce is mainstream. Digital commerce giants (think Amazon) are famous for putting personalization at the heart of their strategies. Now, in the era of loyalty metrics and paid subscriptions, publishers are also warming to data-driven personalization. For these content producers, like news publishers, creating content based on their audience is second nature. And, in the Information Age, they have the opportunity to put technology behind the process and create one-to-one content experiences.

Personalization allows content publishers to create compelling, relevant online experiences that keep audiences on their owned channels for longer by appealing to their individual interests. But while an ecommerce site might recommend products based on what a customer has previously bought – or by profiling you as a customer and recommending products bought by other customers like you – when it comes to content, it's much harder. A user might read a couple of articles on a site and click on different site content, but a publisher needs more layers of information to really understand a reader or user, to make assumptions about their likes, and to serve them a truly personalized experience. This is where subscription information comes into its own; by asking for data upfront and using it as additional layers, publishers can begin to build a much clearer user view. However, having this data doesn't always mean they use it.

Take a look at these homepages from the New Yorker. The signed-in and signed-out view are identical, even though the publisher should have a good understanding of the user's likes, what they've interacted with and commented on previously, and where their biggest dwell time is. With a clear view of the individual, this content could be tailored to them.

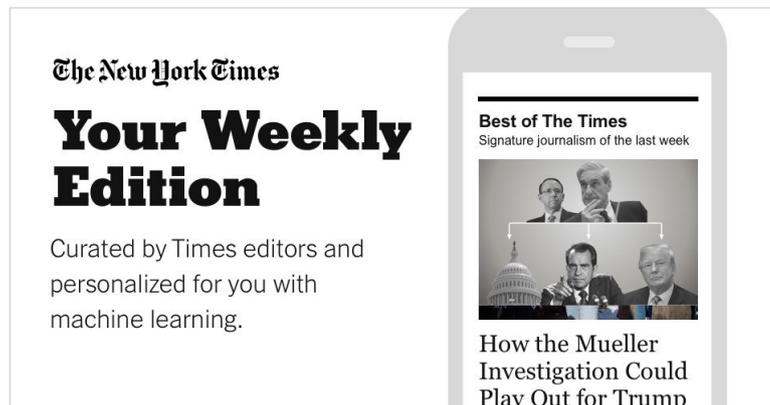


Signed out



Signed in

This may not be because the publication is behind the curve, but a conscious decision. [At this year's DIS Nick Rockwell, the New York Times' CTO talked about "news in the age of algorithmic recommendation"](#) – exploring the theme of content personalization and why the NYT has been reluctant to embrace it on their homepage. He cited concerns they have about personalization creating a distorted user reality through a [filter bubble](#) and a lack of real business case.



However, the NYT hasn't dismissed personalization entirely, and has been trialling different methods since 2017. The publication tests individualized user experiences with curated content and a "recommended for you" box on the homepage; taking a cautious approach, to ensure its values and content breadth aren't left behind.

### Joining the dots for a one-to-one customer view

The holy grail of personalization is developing a one-to-one connection: a single customer view. Connecting data from digital and offline marketing, sales, and product resources to create a one-to-one brand relationship. Rather than relying on one set of behaviours only, you can add many data layers to develop an incredibly detailed portrait of a customer. The more data you can add, the deeper you can tailor a customer's experience.

For content publishers who are keen to create ever more bespoke user experiences, the key is how they use the data they have. Brands don't have to spend millions on data scientists to be like Nike or Amazon. Outsourcing to data agencies is one way content publishers with smaller budgets can rival big brands.

One often-talked-about content personalization giant is Netflix. Film and TV recommendations are selected based on what you've watched; but it goes even further, giving prominence to actors you like. The brand is consistently and constantly running A/B tests to hone their offering. Interestingly, Netflix doesn't segment data based on age and gender; its parameters are based on user behaviours only, which are more important for its service. And the personalization doesn't stop at the TV or films on offer, but also affects the layout and look of the pages and player. What Netflix has achieved is a complete view of each and every customer: by layering many different behavioural data points on top of each other, they can individually tailor their service and their offering for each customer

### Beware typos and double-ups

But how do you start to get the right data to achieve a one-to-one customer view? When Cohoesus are working with brands, one of the biggest challenges

is getting reliable data from different applications. Sometimes there might be conflicting information: data is missing or repeated. Small things like customer typos and address changes affect the accuracy of a customer profile, and can potentially botch a customer experience. The result? You could end up sending two emails with different discount rates to the same customer because you didn't deduplicate the data. Or you could send multiple catalogues to the same household because you didn't clean up your customer address data. **Making sure your customer profile data is complete and up-to-date is the imperative first step to getting personalization right.**

After cleaning your customer data, use it to create models of customer behaviour. Powerful models let you see who your most important customers are, who's ready to buy again, who's looking for a deal, and who is at risk of opting out. You can use different types of predictive analytics model to get an individual picture of who your customers are and where they are in their shopping journey.

Once you have the data, and you've understood how to recognize different customer sets, the key is to use it for good! Think about what you're trying to do, and whether you'd do it in real life. Sending recommendations based on previous purchases can go too far and end up just plain creepy. Don't make a mistake like [Target when it sent pregnancy-related marketing material to an expectant teen's house and an unknowing and \(understandably\) irate father](#). Okay, it's not a content publisher; but the same rule stands: don't get overly familiar. This isn't an episode of Black Mirror.

In short, if you're a content publisher there are a few things to think about when it comes to personalization. Least of which is: how much do you want to personalize? Would you rather curate and personalize on a small scale like the New York Times, or give a fully bespoke experience like Netflix? And once you've decided what's the right choice for your customers, you need to define what constitutes meaningful data for your content. If, like Netflix, you deem behavioural metrics to be more important, then concentrate on that data rather than trying to overlay with data that isn't as important. Once your data is checked and cleaned and your data sets are defined, you're ready to go. Just one last thing to remember: don't be creepy.

## 5. Personalization for all

Anywhere a decision is being made, personalization can come into play. It can be used across a whole variety of digital and real-world touchpoints to give users a bespoke experience and help brands to offer the right products and services at the right time. Here are just a few examples:

### Individualizing insurance

You can tailor your messaging based on insurance parameters (like age and gender), on the type of insurance a user is looking for, the advert or link the user followed to get to the page or site, and many more parameters. You can give the user a completely personal experience. For example, pulling insurance quotes into on-site messaging, tailoring pages to fit the user, offering calls to action that are bespoke: "Click to buy Audi car insurance".

### Bespoke B2B

Personalization is often talked about in a B2C context, but it's also a powerful tool in speaking to businesses. With only seconds to catch a business lead's attention, offering them a bespoke experience can pique interest, make sure they're seeing the right messages, and give them a reason to interact. B2B sites could serve content based on whether it's a visitor or a new lead visiting the site. Are they a frequent service user? Have they attended your events or contributed to community forums? And in what capacity were they contributing?

### Personalizing pets

Cohaesus have recently been looking into some work for an animal shelter: personalizing their site to offer content based on whether the user is a cat or a dog person and whether they are looking to donate, rehome or adopt a pet. We've been talking with them about offering tailored messages, images and calls-to-action: served differently for different people.

### The personalization evolution: going beyond recommendations

#### Direct Mail

Personalized copy and tailored offers to gain attention and provide relevancy

#### Digital advertising

Reach users based on their interests, demographics and retargeting based on previous activity

#### Publishing

Compelling and relevant online experiences to keep audiences on owned channels for longer

#### Ecommerce

Personalized product recommendations, site pages and campaigns to increase retention and sales

From tailored to individualized experiences

#### Headless ecommerce

Removing constraints on front end developers with headless ecommerce means endless flexibility to make an end user experience that's completely unique.

#### Contextual commerce in editorial content

Integrated publishing, ecommerce and ad experiences with opportunities to buy embedded in editorial content. E.g. reading an editorial about the winning gardens at this year's Chelsea Flower Show and being able to buy the plants direct from the article or seeing Instagram buy buttons alongside photos of the event.

## 6. The brand view: defining the people, processes and technology needed

Personalization sounds like a great tool and one that every company should get on board with, right? But marketers and ecommerce professionals can sometimes struggle to deliver data-driven personalization. Brands don't always have the right tools to extract the data they need. And once they have the data, they may not have the right skill-set to decipher and use that data in the best possible way.

It's essential to understand your buyers' journey and the cues you can take from them to initiate action. Once you've created customer-journey maps, and understand the different paths and actions your customers could take, you need to employ a continual process to deliver better and more personalized customer experiences over time.

To optimize the customer experience through personalization, we use a TOM (target operating model). This bakes in test and learn activity with digital and marketing capabilities for planning and implementation, and a consolidated web data strategy to facilitate decision making for optimisation.

Designing a TOM can be a major piece of work. However, the real challenge is the development and implementation of the identified processes. The strategy implementation plan needs to consider all the areas involved across the business: designing processes, hiring and training staff or finding the right external teams, building knowledge, and implementing or building and integrating systems.

**"Are we ready for personalization?"** Businesses rarely ask this question, but it's an important one. Usually an organization wants to jump straight in; but there are some major questions to be asked before we begin the journey.

1. Is there enough customer data? Are the audience personas and segments in place? Is this categorized by most profitable or important customers?
2. Are the resources in place to do personalization effectively? Is there a team in place with the right skills?
3. Is there a process for turning a customer hypothesis into validated facts? Is there a structure for testing ideas to refine and define the most productive hypotheses?

Developing a personalization strategy requires an audience-centred approach. The organizations that are succeeding with personalization are looking at their KPIs and aligning with those.

Once you've identified the most important customer segments for your business you can begin to layer on more tactical segments. These might be qualified customer personas that underpin your content strategy or UX design segments.

### Step 1: Following a process



**Hypothesis:** When Cohaeus talk about a hypothesis in the context of personalization, we're talking about something believed to be true (but that remains to be proven) about what influences a users behaviour in terms of acquisition, engagement, conversion, and retention. Running experiments around what you believe to be true about your customers tells you whether you truly understand your users' behaviour and how precisely you understand the possibilities or the challenges of your strategy.

**Validation:** This is about testing your hypotheses. For any personalization programme you need to ensure the potential impact of any tests are validated before changes are put in place. Once a segment has been identified for personalization it needs to be evaluated for value and impact through a two stage process: high-level estimation to determine the impact and a deep dive into the analytics and organisational data. You can map hypotheses to identify low effort and high potential routes.



*Mapping hypotheses to determine value and effort (and helping to prioritize them for the business).*

**Journey design:** Led by the UX designer as part of a collaborative design workshop, this is especially important for alignment with the strategy, messaging and timings. A collaborative design workshop involves a detailed look at the content blocks in each of a site's pages against the customer journey flow. The Cohaeus team will consider what to add, edit or hide to create a personalized experience

**Content creation:** Copywriting and content creation is a critical piece of work. Where copy and content is needed in the journey design, variants need to be created for each audience.

**Sign-off:** Sign-off is an important stage before implementation can start. Sign-off requires an understanding of the unpersonalized experience (what does it look like?) and signed-off designs of the personalized experiences for each audience

**Implementation:** Implementation involves defining the rules for how a user is identified for each audience segment (making sure they are put into the right one). And then defining the rules for where different content is used, and when and how it'll be slotted into the journey and shown to different segments.

**Test and learn:** This is where the tools come into their own, you can use tools like Acquia Lift to define the segments, and Google Analytics to see how users progress through the audience journeys, where the drop off points are, and the content that really drives them to purchase.

**Step 2: Get the right tools for the job**

Personalization requires more than one tool to do the job properly. Each person or team will have their own role and, most probably, a favoured tool in their chest. The truth is that many tools are required to achieve personalization that's more than skin-deep.

One of the tools we rely on to track customers' behaviour throughout their buying journey – from anonymous visitor to loyal, repeat customer – is Acquia Lift. This tool allows us to unify customer content and profile data from multiple sources to deliver in-context, personalized experiences across any channel or device. It gives us complete control to personalize the content and commerce journeys for each site visitor. It also means we can handle dynamic serving of content based on set rules or rules created by your personalisation tools.



Fig. The Acquia Lift process

**Step 3: Work with the right people**

It's critical to have people who can understand and uphold the strategy and use the tools. We've seen many businesses who have invested a significant sum in the technology, but haven't considered adding or developing their team capabilities to get the best out of the tech. If you're working on a project basis or don't want to invest in bringing people in-house then this is where specialist agency teams come into their own. We have honed our team over a number of projects and have developed the skills in-house (as well as taking on new people with new skills) to give us the right mix to take a project from conception to completion. This is what Cohaesus recommend as a team skillset:

<b>Data analysis</b>	Data analysts perform auditing, reporting, and quantification of the value and impact-assessment of different hypotheses.
<b>UX design</b>	UX designers follow a user-centred design approach to turn hypotheses into personalized journey design.
<b>Content + design</b>	Copywriters and designers work closely with UX designers to write copy and create design variants for different audience segments.
<b>Development</b>	Developers create HTML, JavaScript and CSS of the variants.
<b>Implementation specialist</b>	An implementation specialist uses tools such as Acquia Lift to implement and manage the hypotheses: ensuring reporting data is integrated with Google Analytics.
<b>Marketing and editorial planning</b>	Marketing and planning specialists provide campaign-based requirements: plans and assets from flash sales, PPC and other marketing activities.
<b>Overall programme management</b>	Programme managers ensure there is a constantly and consistent conversation with key stakeholders and run a backlog of hypothesis implementation and iterations.

When done correctly, personalization has a powerful impact; not just on the business's bottom line, but as a positive experience for consumers. To create the most effective personalization strategy for your business, you must remember what you already know. Starting your personalization journey doesn't necessarily mean starting from scratch. Look at the lessons you've learned from consumer testing, A/B testing, and from sales fluctuations over time. You probably have some great personalization ideas; but it will take iteration and experimentation to get them right.

Creating a journey specifically for each customer gives them a true reason to engage with a brand. Working with an agency partner, who has the right skills in-house and has a tried-and-tested continual-improvement process, means supported business-wide personalization efforts with a clear strategy, managed data access, guided experimentation, and communicated results.

We love sharing knowledge and trading views.  
Speak to us about personalization: how it's  
developing and how it could benefit your brand.

Contact Fraser Meikle in our London office: +44 20 3856 3500