

MARKETING

68pc of marketers struggle to achieve real-time view of customer

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Affluent consumers leveraging digital

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Personalizing interactions with consumers provides proven benefits to a company's bottom line, but many marketers find that organizational silos get in their way of delivering a truly individualized experience.

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Despite boosts such as increased loyalty, conversion rates and revenues, only 6 percent of marketers in a new study by Monetate identified their personalization strategies as "advanced." Implementing a sophisticated personalization plan can be challenging, but making an investment can have a great impact on profitability.

"Personalization has been proven to increase loyalty, drive higher conversion rates and grow revenue, so we find it intuitive that there is a correlation between personalization efforts and increased profitability," said Maribeth Ross, CMO of Monetate.

"The most effective organizations set specific financial goals for their financial efforts to encourage a focused application of their processes and technology," she said. "The biggest takeaway from this study is that for those that do put in the effort, personalization is not only attainable, it also impacts an organization's profitability."

For the purposes of Monetate's 2017 Personalization Development Study, personalization is defined as being able to leverage knowledge of a consumer to interact with them on any channel.

Individual attention

Monetate studied the practices of 131 senior marketers, comparing those whose revenues exceeded expectations with those whose results merely met or fell below goals to gain a picture of what does and does not work.

One key difference between the two groups was that 88 percent of those who exceeded their goals had measurement tools in place for personalization, compared to less than half of those whose results came in less strong.

There is also an apparent correlation between the return on investment of personalization efforts and a company's profitability. Close to all of the study's group that has an ROI of at least three times saw their profits rise, compared to only about three quarters who had an ROI of two times.



Image courtesy of Bloomingdale's

Establishing a personalization plan also appears to be key, with 79 percent of those who exceeded financial expectations having a documented strategy. Of those who just met their goals, only 31 percent have a plan in place.

While it may seem counterintuitive, having a single person in charge of personalization was actually a detriment to results. Monetate attributes this to the fact that more sophisticated personalization extends across an entire organization, rather than being a single department's focus project.

A dedicated department might not be necessary, but a specified budget allocation for personalization is important. Better performing companies are more apt to have financial incentives in place for personalization, and they also tend to be the organizations increasing their personalization budget.

One of the biggest challenges companies face for personalization is going beyond segmentation towards customization on an individual level. Part of what makes this difficult is a lack of communication across channels, meaning that a single customer's digital activity is not connected to their in-store behavior.



Companies should pull data from all channels

Marketers relying on A/B/N testing were more often those that had poorer financial performance. At the same time, those who fared better sent personalized trigger emails and personalized ad retargeting.

"The data suggests that while companies are embracing the idea of personalization which provides marketers with the ability to interact with each individual, at any moment, across all touchpoints, using everything you know about them they remain challenged with it for a number of reasons," Ms. Ross said. "In fact, according to our study, only 6 percent of organizations consider themselves 'advanced' in implementation their personalization strategy.

"Brands are failing to implement one-to-one personalization for a number of reasons," she said. "The top challenges associated with implementing true one-to-one personalization as reported in our study include: organizational

constraints/silos that make it difficult to hold anyone accountable to goals; automating decisions at scale; assembling a real-time view of your customer with full context; understanding buyer behavior in context and integrating third-party data.

"While these obstacles are real, they are easier to overcome than ever before thanks to technological advancements."

Luxury lagging

While the digital evolution has been in place for many years now, luxury retailers have continued to miss the mark in recreating the exceptional customer service seen in stores within online channels, according to a new study from L2.

As technology capability has grown exponentially within the last few years, it is becoming easy for brands to implement convenient customer service features for customers online, but only 25 percent of luxury retailers are incorporating these features such as live chat. Personalization is a huge factor for luxury retailers, as affluent consumers want to feel a part of an exclusive experience, however only 23 percent of these retailers are incorporating digital personalization tools such as product finders and size calculators ([see story](#)).

Monetate's outline of an advanced personalization strategy includes omnichannel triggered actions. Some brands have begun to connect physical and digital channels to be able to better serve customers on a one-to-one basis.

A Nordstrom executive at the Mobile Shopping Summit 2016 detailed how the department store chain leverages mobile to personalize the in-store shopping experience.

During the "In-store Panel: Bricks + Clicks: How To Bring In-store & Mobile Together Holistically" panel, the executive explained that Nordstrom is testing out various personalization efforts through digital such as a solution that will notify store associates that a mobile application user has crossed the geofence into the store so they can ready a dressing room. The department store has seen positive adoption with its innovative technology and convenient programs such as curbside pickup ([see story](#)).

"For organizations that do not currently have a personalization strategy in place, taking a phased approach to personalization can make the process feel less overwhelming," Ms. Ross said. "In the study, the data showed three separate phases emerge: Stage 1, which represents experimentation in personalization; Stage 2, which is when the organization has started to see results and is looking to grow and expand their capabilities, and Stage 3, which includes organizations that are mature in the personalization efforts and as a result, reap the largest rewards."