MARKETING

Hyper-personalization can increase customer conversion by 250pc

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Personalization is key to attracting new users and engaging inactive users. Image credit: Farfetch

By NORA HOWE

If brands want to meet customer expectations for relevant and enjoyable experiences, they must implement more personalized strategies based on digital analytics and data.

According to recent data, 77 percent of consumers have chosen, recommended or paid more for a brand that provides a personalized service or experience. In a new report, omnichannel customer engagement and user retention platform CleverTap finds that brands using hyper-personalization have realized conversion rates as much as 250 percent higher than one-size-fits-all campaigns.

CleverTap analyzed more than 140 million devices of 121 million unique users to set ecommerce industry benchmarks. The data for this report comes from interviews and workshops with more than 100 customers across multiple markets, as well as six months of CleverTap platform campaign data analytics.

Framework for personalization
Only 19 percent of new app users stay engaged in the first month, and CleverTap suggests an automated onboarding journey can increase new user login rates by as much as 53 percent.

To increase retention rates, businesses should implement strategies to maximize retention with an effective onboarding flow such as plotting funnels to analyze new user flow, creating omnichannel journeys to educate users about its products and creating a way for web users to reach the app.

Repeat customers make up a large percentage of sales, so it is paramount that businesses provide returning customers with enjoyable, relevant content. Image credit: Unsplash

Businesses can also convert anonymous users to named users by plotting funnels to analyze the entire user journey from install to sign up. Then to convert new users to first-time purchases, businesses should analyze their journeys after viewing the first product, send coupon codes and make recommendations based on their browsing habits.

Companies can optimize their customer onboarding experience by using product experiences to experiment and test user product information flow.

Only 15 percent of users convert from onboarding to engagement, but by using predictive analytics, brands could increase conversions by 10-35 percent.

Brands can also implement tactics such as researching user browning habits, serving appropriate content for each user, converting inactive users to active users, experimenting with in-app hyper-personalization, remarketing to users, generating excitement around sales and other events and celebrating user milestones.

Currently, only a small group of customers, 8 percent, are responsible for the majority of repeat purchases and account for more than 40 percent of sales. Two-thirds of consumers prefer brands that offer loyalty programs a solid strategy for enticing repeat business.

To increase orders, businesses should offer personalized recommendations, target users geographically, lock users in through loyalty programs, reduce cart abandonment, alert users of back-in-stock items, cross-sell products and analyze top and underperforming categories and brands.

While these are important strategies for increasing sales among active users, a business cannot grow if a first-time user uninstalls the app before making a purchase.

Within two weeks of the first launch, 86 percent of new users stop using an app. Promotions that encourage new users to make a purchase while in the app can reduce the uninstall rate by 10 percent in the first week.
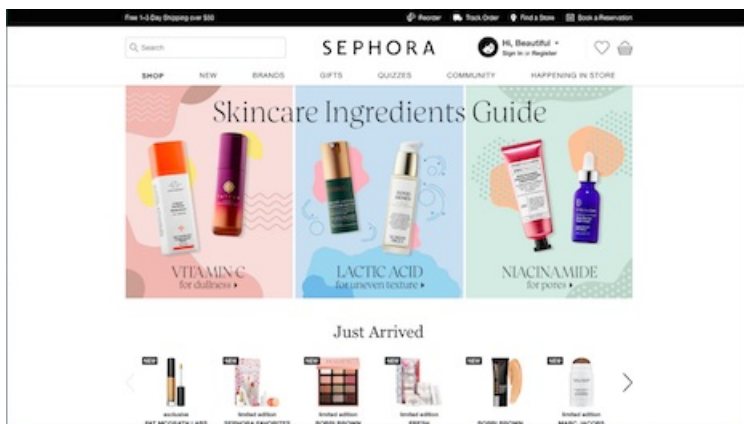
LVMH-owned retailer and cosmetics brand Sephora created a loyalty program that has won plaudits for its effectiveness. Image credit: Sephora

To reduce churn, CleverTap suggests businesses utilize the right tools to determine who is most likely to leave the app and then use omnichannel strategies to intervene before they do.

Additionally, companies can locate where users are leaving along the purchase journey and adjust any blockades or challenges.

Businesses should also view order confirmations as opportunities to further engagement and increase retention through feedback and rating prompts, as opposed to providing just a receipt.

Emphasizing personalization

Most consumers are not looking for strictly transactional shopping experiences, but rather ones that are engaging and seamless especially as the transformation of digital offerings continues.

In October 2020, department store Saks Fifth Avenue launched a new website, marking the first comprehensive website redesign from the retailer in the last five years. Using Salesforce Commerce Cloud, saks.com now emphasizes fashion, convenience and personalization while ensuring flexibility for future enhancements.

The site allows customers to add items directly to their carts or "Wish List" from a variety of products, while product pages now feature a stylized "Complete the Look" section with the ability to add items directly to cart. Additional filtering options, such as buy-online-pickup-in-store (BOPIS), same-day delivery, preorder and currently available are also offered to provide a more convenient shopping experience (see story).

French fashion house Chanel's beauty workshop Atelier Beaut Chanel offers helpful services like one-on-one video makeup tutorials with a master artist, and skincare routine consultations with an expert beauty guide.

After a consultation, beauty guides post a custom skincare regimen to the customer's profile, and build a personalized sampler kit for customers to try out at home (see story).