

The Pursuit of Personalization



Not long ago, the dawn of the data era ushered in the promise of making customer experiences as relevant and individualized as possible.

The benefits to brands were alluring: using data-driven personalization would be a new way to differentiate, boost engagement, and drive growth.

Only **22%**
are very satisfied with
level of personalization

So, what happened? Today, nearly every brand is pursuing personalization, yet precious few get it right. Our Loyalty Report found that only 22% of loyalty Members are very satisfied with the level of personalization they get from brands with which they interact.

What's in a Name?

On even the most basic level, brands are falling short. While the vast majority of Members say information such as their first and last names, and demographic details (96%) are being collected, **only 57% say that information is used.** There is a world of sophisticated tools and technologies that analyze customers' past behaviors to derive relevant offers, content, communications, and more. **So, it's confounding that some operators aren't even using basic information like first names—the very simplest form of personalization.**

Personalization
done right
6.4×
lift in satisfaction

Marketers who don't get personalization right are missing out on compelling benefits for their business. Our research found that when personalization is done well, there is a 6.4× lift in satisfaction. Other benefits are: Members "say good things about the brand" (6× lift), "stay longer," (5.2× lift) and "spend more with the brand" (3.5× lift)—all important KPIs for loyalty marketers aiming to keep Members engaged and drive bottom-line results.

Missing the Mark

So, what's getting in the way? The issue seems to be that marketers don't know where to start. We've often seen that this is because so much information is being collected and brands don't know how to prioritize or build a meaningful connection from the plethora of data.

We can't stress enough the importance of knowing how everything you collect from your customers will be used to advance the relationship with your brand.

Don't ask for data that you aren't going to use.

It is clear that marketers need to take a hard look at their customer engagement strategies and move faster on their personalization efforts if they want to meet consumer expectations.

Look beyond the moment
of purchase to all
moments that comprise
the experience

The New Era of Personalization

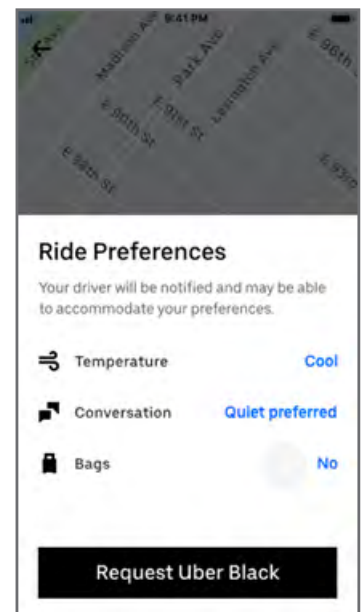
If we look at the evolution of loyalty, the first wave of personalization was all about data collection, and organizations getting their houses in order on the data front. The second wave focused on data integration and creating a holistic view of the customer in order to inspire the next purchase. We're now on the cusp of the next wave of personalization. **It focuses on the person, not the purchase; it focuses on the relationship, not the recommendation.**

Personalization must fulfill a broader set of consumer needs and look beyond the moment of purchase to all moments that comprise the Member's experience with the brand. In this new era, there is a real opportunity to make personalization work to deepen the relationship with the consumer, and to show how well you know them and how valuable they are to your business.

NORDSTROM

Even when moments in the customer journey are negative, there's a personalization opportunity that can turn the experience into a positive. For example, if a Nordstrom or Sephora customer is returning an item, they'll receive an e-mail that offers suggestions for similar products that may better suit their needs. And while data is typically at the heart of personalization, Uber is showing that personalization needn't rely on in-depth customer history. For example, users are asked about their preferences immediately prior to a trip. Not only does this action acknowledge that a person's preferences aren't static and can change from trip to trip, it is also a rare example of commitment to customer experience post-transaction.

SEPHORA



Uber



The Return on Personalization

Marketers who wisely move forward with this next wave must make sure personalization is tied back to a financial outcome. The question isn't "what's the ROI of personalization?" It's: **"what is it worth spending on the pursuit of personalization in order to return X to the business?"** With loyalty as the desired outcome, give weight to KPIs such as likelihood to stay with the brand, likelihood to spend more and likeliness to recommend the brand. Traditional personalization metrics like clicks, opens, and conversions are too myopic, or worse, misleading, in that they don't account for the full customer relationship.

The job of personalization is to deliver the best possible version of the brand, tailored to that specific customer, and to turn an interaction into an experience. Experiences yield emotions, which foster engagement, and ultimately achieve loyalty to the brand.

The Path to Personalization

5 recommendations to help brands move forward on personalization:

1 Just get started: Many marketers feel they need to get their entire house in order—from having the right technologies in place to breaking down organizational siloes—before they can unlock personalization. While those factors are important, our advice is to just get started. Everything you need to do personalization effectively is available to you. **Don't let striving for perfection get in the way of making progress.** Just make sure you use the data you're asking for in ways that add to the relationship.

2 Take credit for your efforts: Consumers are often blind to the level of personalization that brands are serving up because they don't recognize their experience is different from that of others. Be sure to overtly draw attention to and take credit for your personalization efforts. For example, with an email, you can confidently write, "This has been personalized **just for you.**" **Members will feel more special and recognized—two important drivers of Member satisfaction.**

3 Put an eye to privacy: You may have permission to collect and use data, but you can't do personalization well without an eye to privacy. **The beauty of loyalty is that it is an overt, transparent relationship. Consumers expect brands to know them if they've signed up to a program.** That said, you must always consider where your personalization efforts will land on the "cool to creepy" continuum. For example, a customer might not mind being alerted to a promotion when they walk past their favorite coffee shop. Yet, if they're driving by their bank and get an alert about a payment, it might feel more invasive.

4 Keep up with changing preferences: Consumers aren't static: their preferences, interests, behaviors, and life stages all change over time. **Don't take a "set it and forget it" approach.** Check in with your Members regularly about their needs and use the data in a way that aligns with their current preferences.

5 Focus on the person, not on the purchase: Brands that focus their personalization efforts beyond the purchase itself to include all the important moments that comprise the Member's experience with the brand, and that endeavor to fulfil on a broader set of customer needs, will be successful in achieving personalization that truly delivers.



Problems with personalization are not an isolated issue. I see it every day, even with the world's top brands, but the truth is that Customer expectations are higher than ever and are continuing to rise. Personalization isn't an option, it's a necessity. Your customers are experiencing personalization in everything from buying their coffee, to watching TV, to checking into their hotel room. If you're not using your data, and using it well to build the relationship, you'll lose them. Brands that accelerate their journey to true personalization today will win the customer experience of tomorrow.



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Scott Robinson leads our loyalty consulting and solutions discipline, and is our thought-leader for consumer loyalty strategy engagements. His focus is enabling clients with the best possible solutions for their specific objectives and environments, and ensuring Bond Brand Loyalty maintains market leadership in terms of loyalty and customer engagement, technique, and approach.

Scott has over 15 years' experience designing, implementing, and optimizing large-scale customer engagement solutions, and helping clients understand how to use them as stepping stones for inspiring powerful relationships with their customers.

Along with his strong experience across a number of industries, including consumer retail and financial services, Scott brings a highly disciplined analytics approach to strategy development for clients.

Scott's current focus is the intersection of marketing and neuroscience. Scott is frequently called upon to comment in the media, and is often requested as a speaker at industry events, including conferences by Loyalty360, eTail, CMO Exchange, CRMC, CMA, and AMA. Scott holds an MBA from the Richard Ivey School of Business at the University of Western Ontario.



Published by Bond Brand Loyalty.

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