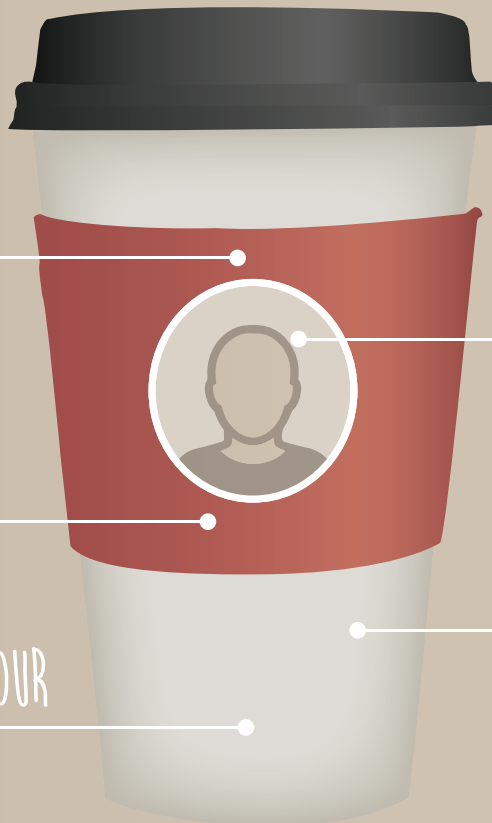


by Omni Apico

## GETTING PERSONAL WITH MARKETING

HEY YOU!



YOUR NAME HERE

YOUR FACE HERE

PERSONALIZED MESSAGE

PATTERN OF YOUR CHOICE

YOUR FAVOURITE COLOUR

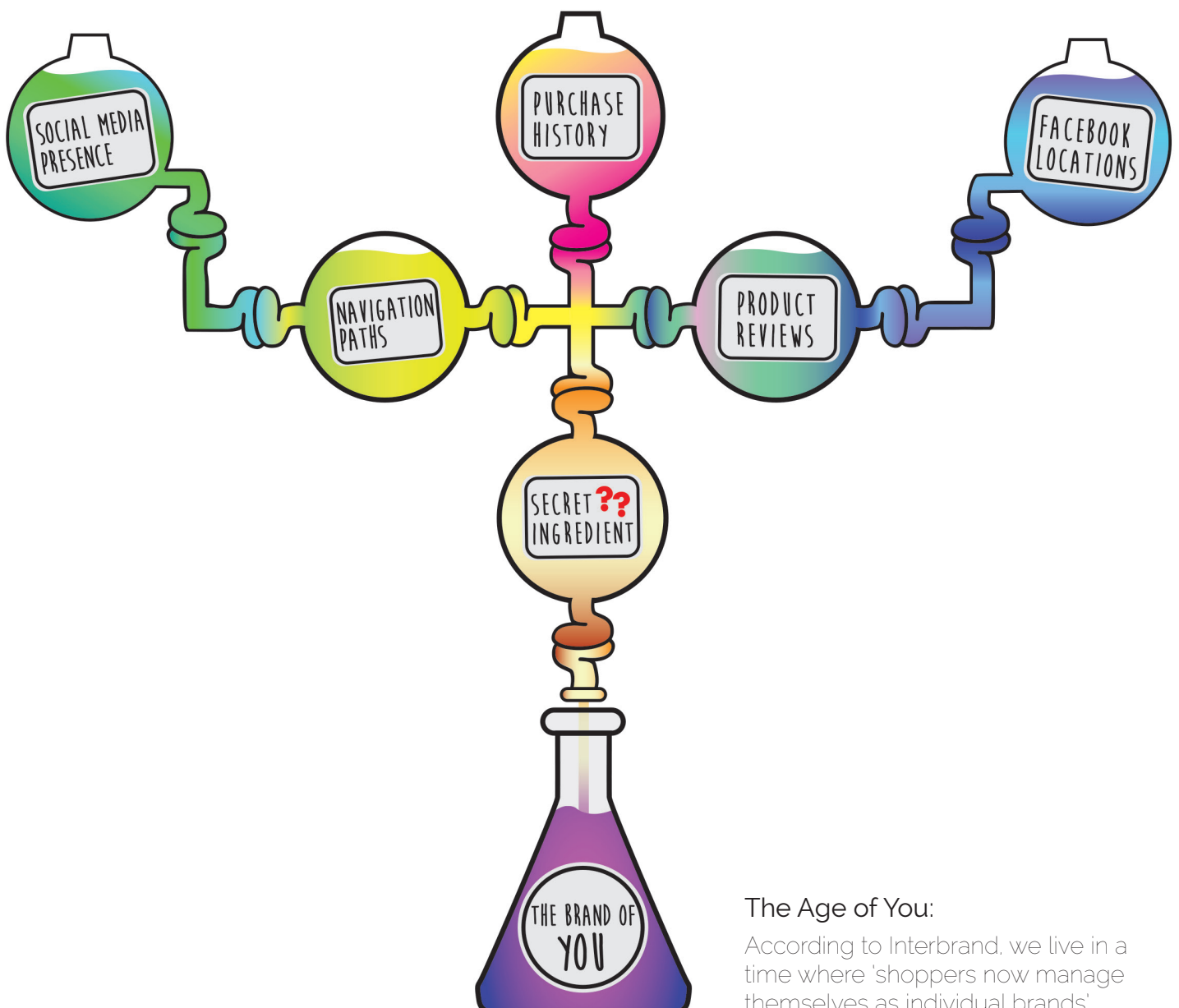
## The consumer has all the power

In the digital age, where the consumer has all the power, businesses differentiate themselves through the relationships they form with their customers. Marketers need to develop the skill of delivering personalized consumer experiences as well as unique offers in an effort to convert customers into brand advocates. This is a task easier said than done.

Consumers have instantaneous access to content across multiple devices and wish to interact with brands the way they prefer, through the channels they prefer. Their expectation; brands to know them. As Interbrand states, we have entered the Age of You. The proliferation of channels has

urged brands to attain greater levels of consistency and clarity across all touchpoints. The rise of technology and social media enables the expectation of 24/7 accessibility, seamless interactions, responsiveness and most of all personalized content.

Companies recognize the need for personalization, with 94% of businesses in the US claiming the particular strategy is key to their success. Reliance on traditional methodologies, data sources and mass campaigns means the marketer is always one step behind.



### The Age of You:

According to Interbrand, we live in a time where 'shoppers now manage themselves as individual brands.'

## Why do businesses need to personalize?

While personalization might not be the key strategy to acquire new customers, it is attributed with an increase in consumer retention and loyalty. In an era where competition is fierce, such a metric is not to be ignored.

A little more than half of email subscribers who unsubscribe from a list service do so because the content is not relevant to them. On the other hand, personalized emails improve conversion rates by 10%. A HubSpot study of 93,000 calls to action in the US over a 12 month period showed

that targeted calls to action had a 42% higher view to submission. In a B2B context, leads that were approached with personalized content saw a 20% increase in sales.

It is important to note that personalization is not just for a business' website, it can easily be incorporated in one's mobile strategy. A great example is the wine lover app Delectable. It allows users to tag, photograph and save the wines the user loves while recommending other wines based on preferences.

## Why does the consumer crave personalized experiences?

According to a University of Texas study, consumers prefer personalized content because of the desire for control and information overload. A recent Janrain study indicated that nearly 75% of respondents in a US poll expressed frustration at content that does not recognize them and adapt to their interests.

A personalized experience, by its very nature, is tailored to the consumer, thus makes one feel in control. When an individualized offer appears on the consumer's screen, he feels as if he is the one engaging with the brand instead of being bombarded with useless information.

Through personalization the end user does not have to shift through mountains of data to reach relevant content. The information is instantly presented to him.

The human brain is wired to pay attention to information that is relevant to it. Psychologist and professional speaker Dr. Rachna Jain noted that the RAS component of the human brain is in charge of filtering through all information and selectively paying attention to the components most relevant to the user. The human brain likes personalized experiences because it is hard wired to pay attention to information directly related to it.

### After email, the most effective means of sending offers:



**Millenials**



Texting

52%



Social Media

43%



**Boomers**



Texting

38%



Social Media

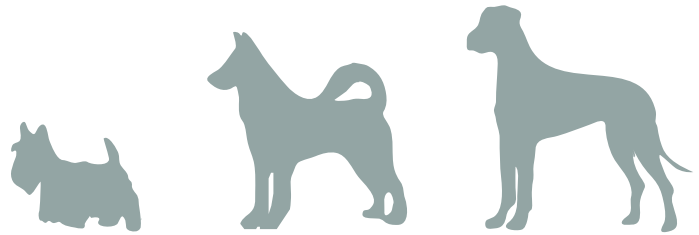
15%

## How do you begin?

1. The key to personalization is market segmentation. The business needs to identify what metric is important to their company and product. This may go beyond the typical metrics such as age and sex. For Doggyloot, a website that caters to dog owners, the key metric was the size of the dog. They would send out personalized emails based on the needs of a large dog to large dog owners.

2. Another foundational step is developing buyer personas that truly represent key buyers. Think about who the product is directed to and logically compose the key buyers. Each persona should correspond with existing leads so that a campaign can be delineated and separated into segments that can then be personalized.

These two steps are necessary to predict consumer behavior, which is the foundation of personalization marketing. Business analytics is a key tool to track and understand consumer purchasing behavior. Once a behavior is anticipated, the business can tempt the consumer to purchase by suggesting it.



## Platforms of Personalization

Personalization marketing can occur both online and offline. Online personalization revolves around individualized home pages, emails, and recommendation engines. It is sending an online offer based on past purchasing behavior.

Offline personalization is defined by the experiences they provide to the consumer. Experiences offer the consumer a moment of engagement with the brand; instead of reading about the brand's philosophy and values, the consumer gets to experience them.

Experiential marketing is especially popular with the rising in purchasing power (in the US \$1.4 trillion by 2020), and elusive, Millennials. Over 3 in 4 Millennials would prefer to spend money on an experience or event than on a product, while 55% of Millennials claim they are spending more on events and experiences than before. However, it is important to note that experiences are an expensive endeavor, not all businesses are able to provide such a service to consumers.

## Personalization Tactics

There is a plethora of ways to engage in personalization. This article focuses on the most common tactics one can employ.

1. The first is **Look Alike Inspired Segmentation**. This entails segmenting your audience based on a common element. For example, Point Defiance Zoo & Aquarium segmented their visitors based on zip codes and offered a personalized offer to the zip codes most likely to frequent the Zoo.
2. The second is **Dynamic Content**. This includes everything from personalized emails to landing pages, websites, forms, and more. A great example is Demandbase's website. Based on the user's IP address

it tailors the homepage specifically to the consumer. The US company Netflix is known for their unique and personalized home page accommodating any number of tastes.

3. Another tactic is **Segmentation by Purchase Behavior**. Evident in the name, this tactic entails segmenting audience based on passed purchases and analyzing relevant data. An example of this tactic is found in Boca Java. They segmented consumers based on the number of coffee bags they purchased, offered each group a personalized discount, and noted that the group that purchased two bags was more likely to purchase again.

## Personalization Challenges

Security breaches, unauthorized government use of personal information and marketing campaigns that are a little too personal, have the consumer concerned about their personal data in the hands of businesses.

So where, is the line drawn? At what point do consumers resent the usage of personal information? An SAS study asked that same question. They revealed that 94% of consumers are willing to give up their Name and Email addresses, since they are able to maintain some control by ignoring or deleting the email. Willingness to give out information decreases as one gets closer to more personal information such as cell and home phone numbers or credit card information.

On the other hand, 57% of a SAS study agreed with the statement "I expect companies I do business with to understand my needs and preferences." This obvious conflict has marketers scrambling to understand the desires of the consumer.

The average person spends 77 minutes a day on social media platforms. They interact with brands, leave feedback

and communicate their needs. In return, they expect brands to know and understand their needs.

Other challenges to personalization were discovered by Neolane and the Direct Marketing Association. Those were: the complexity of required systems at 50% and access to real time data at 46%.

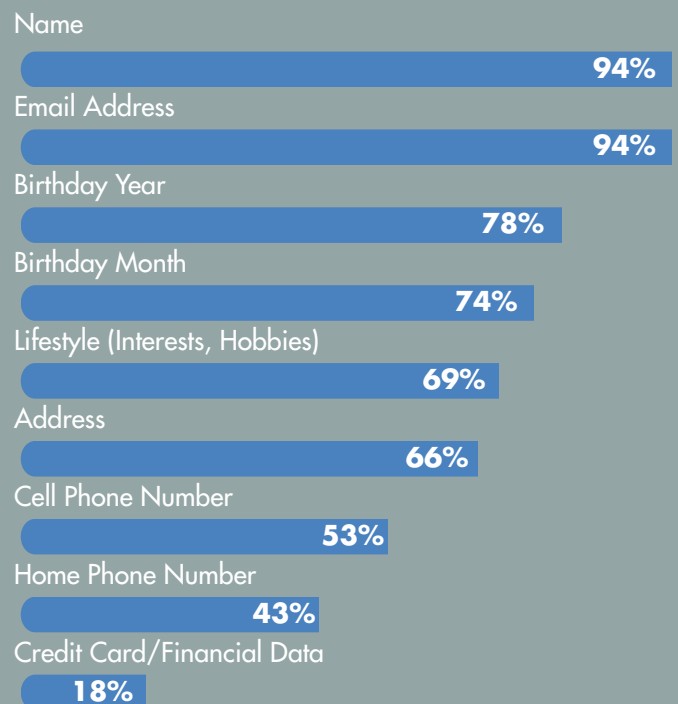
As the amount of information given by the customer increases exponentially, more technically savvy ways are required to analyze it. As Insights by OA Issue #3 stated, businesses have been moving away from relational databases towards big data in an effort to harness the power of information. This, however, requires a substantial investment in IT, something that not all companies can accomplish.

Similarly, 39% of marketers believe that data is gathered too infrequently to allow real time personalization. Real time data, gathered through tracking of navigation paths and cookies also requires significant investment, both in terms of personnel and time.

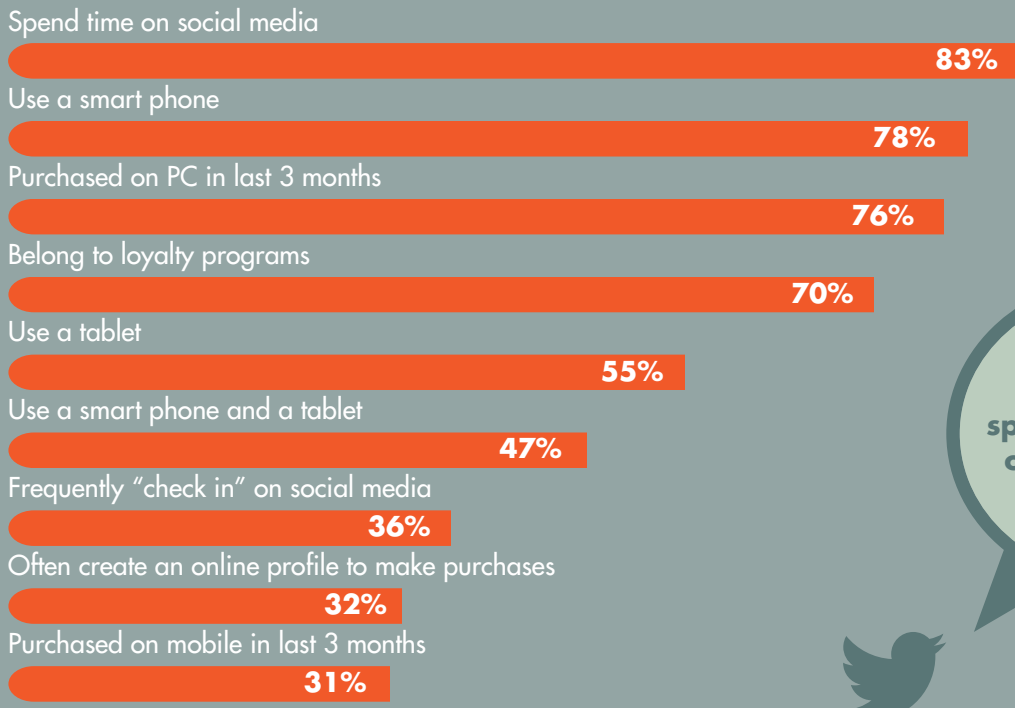
### Factors that influence consumers' willingness to provide information



### What consumers are willing to share



### Respondents' digital behaviour



The survey's respondents spend an average of 77 minutes a day on social media.



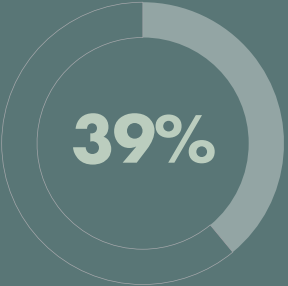
## The Big Data Problem



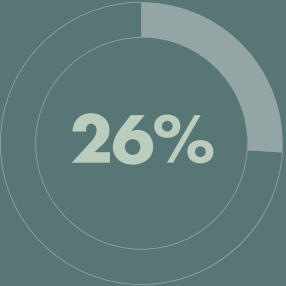
Data within organizations that remains untapped



Marketers who think data is collected too infrequently or not real-time enough



Marketers who say they can't run their data into actionable insight



Organizations that don't use real-time on-site behaviour to personalize the website experience

## Looking into the future: Personalized products

Riding the tide of personalization, businesses are slowly moving towards mass customization and personalized products. Pepperidge Farm customers are able to design their own Goldfish crackers, Brooks Brothers allow their customers to design their own suits while Jawbone offers the capability to create your own Jambox speakers. Bigger firms have also jumped on this trend, Coca Cola and Starbucks offering personalized named bottles of beverage.

Organizations are discovering that they can increase customer engagement and loyalty through personalized products. A Forbes survey showed that customers who customized a product visited the site more frequently, navigated the page for longer and were more loyal to the company and brand. In general, those who created a customized product were more engaged with the brand, turning them into brand advocates.

The question, however, remains on whether this is an effective way to conduct business. Is the expense of allowing these freedoms worth the customer engagement?



## Has Personalization Marketing Reached Europe?

While some might see Europe as behind the US in terms of personalized marketing, the OA survey showed otherwise. Almost 700 marketers were polled, across industries, positions and functions. Exactly 50% of those who responded claimed that Personalization Marketing is the up

and coming trend most relevant to their market. Similarly, a shocking 35% send more than 16 personalized emails throughout the year. Experiential marketing is also on the rise, with the majority of respondents planning to invest in consumer experiences in 2015.

### What upcoming marketing trend is most relevant to your market?

Mobile Marketing

14%

Big Data Analytics

7%

Personalization Marketing

50%

Real-time Marketing

7%

Omni-channel Social Media Marketing

7%

Digital / SEO

14%

### How many times a year do you send personalized emails?

0-5

29%

6-10

25%

11-15

7%

16+

39%



## Personalization VS Customization

Personalization is the gathering of both implicit and explicit user information to create not only content, but a framework as well, which fits the end user's needs. Customization is offering content tailored to the consumer based on his explicitly stated desires. Personalization is being able to create a strong user experience online and offline by anticipating the user's needs before he himself is aware of them.

Customization is buying songs and playing them on your phone. It is when a consumer explicitly states his preferences and receives relevant offers based on his selections. A custom-made offer satisfies your needs on the basis of what you want and what you know without the benefit of enriching your preferences with selected experiences of your peer group.

### Dare to Dream

The consumer is under siege. He is bombarded with information from multiple platforms and is losing his grip on control. Personalization marketing is a way to make the consumer feel as if he has regained it. Yet, the specific marketing field is still under construction. Concepts and definitions are being formed, in the effort to cater to the consumer's biggest desire; to be treated as an individual.

One must ask, however, whether this is the methodology with which to capture the consumer. In an era of crisis,

rising costs are avoided like the plague, and with valid reasons. Is the engagement and loyalty enough to make up for the loss in capital? Personalization needs to be examined in a case by case basis, especially since the driving force behind it is innovative market segmentation.

Either way, the statistics on personalization marketing serve as a reminder to marketers. We do not address groups, metrics and statistics. We address people, and should treat them as such.

### SOURCES

OMNI APICO Analysis, Hubspot, Accenture, E Consultancy, Forbes, Exact Target, Retention Science, Best Global Brands, Adobe, Pardot, Cognizant, AdWeek, SAS, KissMetrics & Conversant Media, Interbrand.

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