Curate Digital Customer Engagement with Extreme Personalization

Abstract

Across industries, many organizations have created successful business models by institutionalizing interactions, which enables seamless and continuous conversations with customers across every contact point. However, is it consistently sufficient?
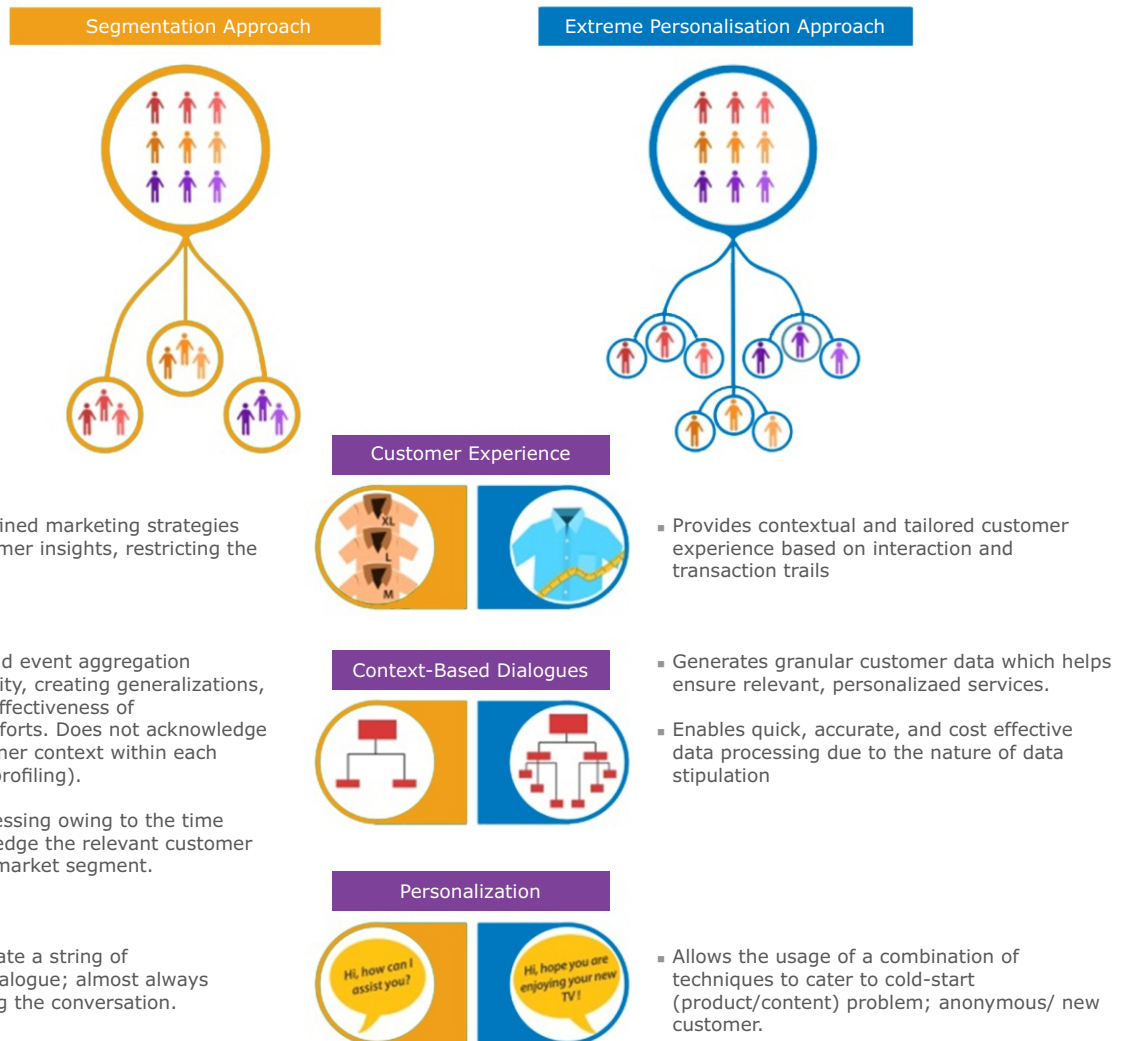More importantly, is it sufficiently consistent? Inconsistent interactions can often lead to consumer mistrust, potentially making such efforts more damaging than enriching.

To foster long-term relationships, retailers must offer meaningful personalization. With various digital forces at play, and more significantly, use cases connecting two or more digital channels, a one-to-one relationship with consumers is a fast approaching opportunity that needs to be seized.

The Importance of Personalization

Customers and retailers are increasingly adopting digital channels, and this has resulted in the availability of and access to product data, reviews and comparisons, price, promotions, and stock levels. This ubiquitous availability of rich data has pushed digital customer interactions towards transactions. While customers are demanding lower prices, better value, larger range, quicker fulfillment, information democratization is the over-arching theme. Customers are consistently seeking better deals, which has commoditized retail, forcing retailers to differentiate themselves through value-added interactions. A transaction becomes more valuable when it involves a personalized interaction. When interactions are defined well, designed to interconnect, and delivered consistently, they nurture loyalty. For retailers, personalization plays the single biggest role in their customer experience management efforts.

Segmentation Approach		Extreme Personalisation Approach

Customer Experience

- Driven by pre-defined marketing strategies rather than customer insights, restricting the overall impact.

- Provides contextual and tailored customer experience based on interaction and transaction trails

Context-Based Dialogues

- Driven by data and event aggregation reducing granularity, creating generalizations, and limiting the effectiveness of personalization efforts. Does not acknowledge the unique customer context within each segment (group profiling).

- Generates granular customer data which helps ensure relevant, personalizaed services.

- Slower data processing owing to the time taken to acknowledge the relevant customer context for each market segment.

- Enables quick, accurate, and cost effective data processing due to the nature of data stipulation

Personalization

- Impossible to create a string of personalization dialogue; almost always requires restarting the conversation.

- Allows the usage of a combination of techniques to cater to cold-start (product/content) problem; anonymous/ new customer.

Segmentation approach vs. extreme personalization

Around 63% of retailers confirm that they intend to spend more on paid searches this year, but only 39% will spend more on behavioral targeting of shoppers.[1]

Most global retailers focus on:

- Attracting more traffic to their digital properties
- Improving conversion rates through rich product data, inventory visibility, checkout optimization, support form factors, extended range of products, and seamless cross channel fulfillment

The strategy to acquire a loyal customer base therefore cannot be restricted to:

- Merchandizing a wide range of products, which can be quickly replicated
- Price reduction, which leads to lower margins
- Omni-channel presence, which is more of a necessity than a customer experience strategy

Long lasting differentiation can be created only by providing relevant, consistent and high quality experiences. The rapid proliferation of channels, backed by increased customer adoption, has made retailers redefine their cross-channel retail strategy. Today, IT projects are being executed to create a seamless omni-channel experience. In an omni-channel ecosystem, it is important for every channel to have an equally important role in fulfilling customer expectations and contributing to a positive brand experience.

Multi-channel conversations result in obtaining more data points to identify the customer's context and preferences. Traditional CRM and analytics platforms find it challenging to handle this level of dynamic granularity, but when harnessed in the right manner, this data can help create moments of customer euphoria.

Manifesting Extreme Personalization

On digital channels, product recommendations constitute the first step in personalizing the user experience. The algorithm for product recommendations has evolved from 'you-may-also-like' prompts to clickstream-based intelligent recommendations. While this is definitely a step forward, enterprise-wide personalization has a much wider implication on the customer experience. Contextually appropriate deep personalization scenarios can considerably reduce the cost of acquiring and retaining customers. Comprehensive customer centric marketing can lead to up to 300% improvement in Customer Lifetime Value.[2]

- Keeping customer experience as the primary goal delivers fundamental benefits such as:

- Product and content discovery to enable long-tail content monetization

- Consistent and efficient enterprise-customer conversation to optimize conversation volume

- Opportunities to create serendipitous engagement and ensure relevant and fresh customer experience

However, this requires a new, comprehensive approach that challenges the status quo by:

- Creating 360° customer profiles:

Customer information is an amalgamation of each relevant customer interaction—profile, transactions, and interactions. To create a 360° view of the customer, it is imperative to record every customer interaction. These interactions could be of various types—adding items to the wish-list, purchasing items from the gift registry, 'showrooming', downloading mobile apps, scanning coupons, conversations with customer support agents, social media activities, and product reviews.

It is critical to define the scope and extent of the customer view which is manageable and sufficient for the level of personalization being envisioned. The extent of customer interactions to be considered in deducing the personalization service should be limited to the context which needs to be catered to.

Typically, creating a 360° view begins with a loyalty-program based customer database tagged with transaction history. This knowledge base could form the backbone of the retailer's personalization efforts. Customer profiles and transactions from digital channels are also a good starting point.

- Profiling product and non-product content:

The other major aspect of personalization is the content set. Through the evolution of digital channels, rich product metadata such as product specifications, keywords, genre, and product hierarchy is readily available. When mapped with customer interactions, this product data can be transformed into meaningful product linkages or ontology derived from data modeling techniques. Similar profiling for non-product content such as buying guides, FAQs, and campaigns should be used for content personalization.

By using a combination of customer profiles, and product and non-product ontology, retailers can create various levels of personalization scenarios. Rich customer profiles—where personalization scenarios such as similar, related, associated, and popular products are enabled—facilitate effective one-to-one personalization.

For customers who interact anonymously via different digital channels, or for customers who are new to the enterprise, the cold-start problem can be managed by mapping partial profiles based on current in-session transactions to mathematically similar profiles. The personalization scenarios can be extended to practically any medium of conversation with customers: email campaigns, contact center conversations, and in-store connect among others.

A unified view of customers and content can power the transformation to extreme personalization. To succeed, the transformation should be governed by the following tenets:

- An enterprise-wide, common personalization vision aligned with the customer engagement strategy and the overall marketing plan

- Enterprise-wide data strategies such as granular and real-time data ingestion layers for personalization

- Definition of progressive personalization dialogue services within the enterprise data constraints, relevant to customer context, which complement every customer communication—email, customer accounts, and call centers

- A process design that aligns omni-channel operations with the comprehensive personalization approach

- Personalization platforms to allow configurable business rules, which can be simulated against customer experience and organizational goals

- A Test–Learn–Recalibrate–Test–Evolve cycle with no end state

Conclusion

Deep personalization offers an immense opportunity to counter the commoditization of retail. It is a race towards excellence where the customers have begun drawing the finish line. A unified view of customers and content can power this transformation. Every retailer will be pushed to get there, but those who take the lead in the right direction, on time, will

derive maximum value. It calls for an enterprise-wide, common personalization vision aligned with the customer engagement strategy and the overall marketing plan, and data strategies such as granular and real-time data ingestion layers for personalization.

References

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