



Personalization in an omnichannel world

- A point of view

Executive Summary

While the pandemic has accelerated the adoption of digital shopping, many customers are also comfortable adapting to the omnichannel shopping journeys of starting from one channel and finishing their purchase on a different channel (BOPIS, curbside pickups). Most personalization efforts have been predominantly centered around singular digital channels such as the web and mobile apps. However, many gaps are evident in omnichannel journeys that result in a disconnected experience and loss of cross-selling and upselling opportunities.

Personalization strategies have been around for at least a decade now, but new advances in technologies and the growth of consumer-facing technologies have accelerated the adoption rate.

Personalization can be applied across industry verticals such as consumer packaged goods (CPG) brands, retailers, hi-tech manufacturing, and financial product companies. Few pioneers who have perfected this space across their respective industries include Amazon, Nike, Sephora, Wholefoods, Coca-Cola, Netflix, and Cadburys.

This white paper outlines the need for omnichannel personalization, barriers, and the key ingredients for success.

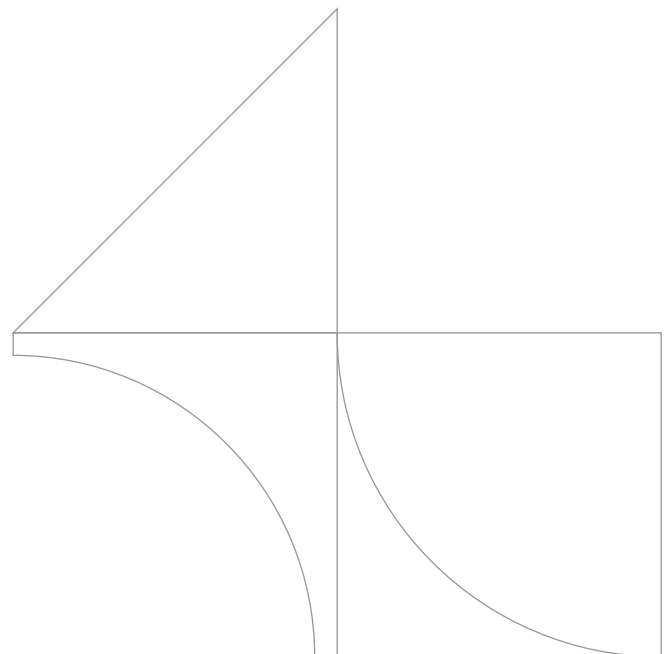
Impact of COVID-19 and changing consumer sentiment

The pandemic has fundamentally changed consumer shopping habits. Consumers were forced to move away from brick-and-mortar stores, and online commerce witnessed a massive boost. In addition to consumers expanding their online purchase decisions, new users have seamlessly adopted a digital-first shopping strategy. With the gradual opening of physical stores, young and old consumers are now familiar with researching online before purchasing. This has led to the increased adoption of omnichannel shopping habits. The omnichannel journeys that showed high adoption rates were curbside pickups, buy online, pickup in-store (BOPIS), buying directly from social media, same-day deliveries, and grocery deliveries within two hours.

Consumer spending patterns have also been altered with reduced voluntary spending. Affordability has become the new mantra for many consumers. While some categories like cosmetics, home improvements, and fitness goods saw increased spending, grocery stores, discount stores, and wholesale clubs had witnessed normalizing growth similar to pre-pandemic years. While retail apparel and footwear are seeing a recovery in spending,

the apparent categories that have reduced consumer spending are restaurants, entertainment, and travel.

Scarcity and non-availability of products drove consumers to switch to different brands and new products, which were not their first choice in the pre-pandemic years. Studies show that many of these consumers' new habits are here to stay. This has jolted the consumer loyalty index, with almost 80 percent of consumers intending to continue with their recent behavior. Majorly, these consumers belonged to the younger demographic with high incomes who looked for more value and purpose in their shopping.



With the increase in digital transactions due to the pandemic, many young and millennial consumers have become familiar with personalization practices used by eCommerce sites and mobile apps. Consumers expect brands to demonstrate their understanding of their individual

preferences, and these expectations have increased in the last 12 to 15 months. Whether it is a web, mobile, or in-person interaction, consumers want to have continued channel-agnostic conversations, and hence omnichannel personalization is expected as a default standard.

Personalization types

Personalization can be categorized into two types.

Recognition



Many organizations dedicate a majority of their personalization efforts in consumer recognition tactics where the brand can demonstrate the knowledge of the consumer with respect to the attributes shared by the consumer

Few examples of recognition-based personalization include:

- Customer name
- Gender/Age
- Marital, children, and household status
- Income/Credit cards
- Browsing history/Wish lists
- Social media behavior

Help me with Personalization



Personalized help inspires confidence in consumers and helps them move through the shopping decision-making process. Help me with personalization can be achieved with individualized recognitions or by creating micro customer segmentations

Few examples of help me with personalization include:

- Targeted offers for consumers for a better deal
- Auto populating information to save time in the transaction process
- Recommendations to help consumer decisions
- Timely reminders of subscriptions, repeat purchases, or celebration moments
- Awareness of new exclusive product/services

It is essential to apply recognition tactics while personalizing to know the target recipient of the communication because consumers are punitive when marketing gets the recognition wrong. For example, non-vegetarian food choices being communicated to a vegetarian audience would result in consumers instantly unsubscribing to emails or discontinuing purchases from brands because the messages were irrelevant to them.

Personalization efforts need not be solely focused on recognition. One research conducted by Gartner in 2018 shows that brands that improved the “help me with personalization” during key moments of the customer shopping journey are likely to have higher business benefits than using recognition-based tactics. In today’s

time-constrained world with too many product choices, the cognitive overload on consumers is very high. It makes a lot of sense to help them save time by assisting them to complete their goals on apps and websites as quickly as possible. Providing timely and contextual messages will inspire confidence in consumers and help them navigate the next steps in their purchases. It should also be noted that data collection required for “help me with personalization” is far lesser than data necessary for recognition tactics. Using the collected data appropriately is critical because consumers find certain data types invasive to their privacy. Specific examples of privacy invasion include income information, health-related data, and the number of children in the household.

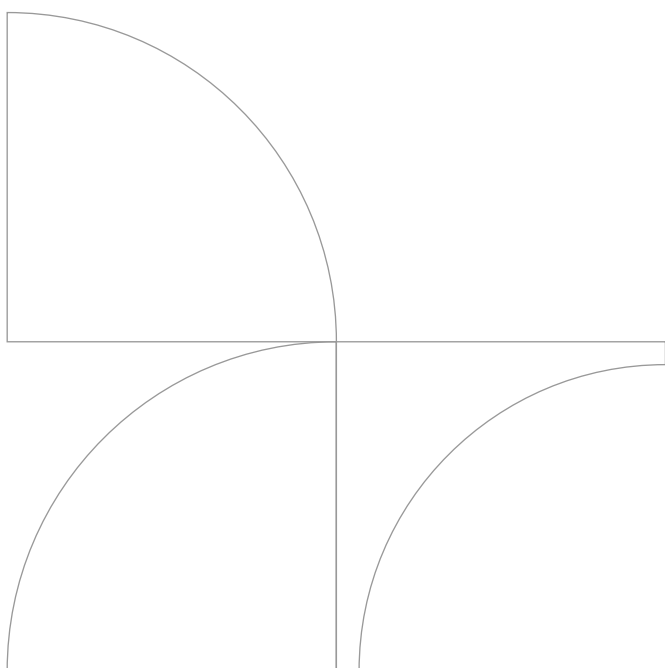


Why omnichannel personalization

Omnichannel personalization is the science of delivering a consistent and continuous experience covering all physical and digital channels of engagement that customers have with your brand. This can include content on the website or mobile app, customer service desks, call centers, social media, email, SMS, wearables, smart speakers, digital signage, and other internet of things (IoT) devices. Omnichannel personalization not only enables consumers to access the brand through various touchpoints but allows them to switch between any engagement channel at any stage in their buying journey without a break in personalization.

Due to the global pandemic, more and more consumers use omnichannel shopping on channels like stores, web, apps, and social. The extensive use of these digital touchpoints has made many younger and millennial consumers familiar with personalization practices that they expect omnichannel personalization as a default standard.

The major personalization initiatives by consumer goods and retailers have been limited to digital channels as it is easy to capture first-party data and track the consumer shopping journey. First-party data is highly essential for delivering personalized experiences. Marketing teams usually build personalization for emails and web content, but very few have built capabilities to deliver a continuous experience across channels. Tracking browsing behavior, wish lists, purchases, product and offer recommendations via email and product pages, post-site visit tracking, and retargeting are common forms of personalization predominant across digital channels.



Omnichannel and physical shopping journeys have limited personalization strategies. This results in gaps as the consumer visit to the store is often not tracked, and there is no data collection happening while the consumer is browsing the store isles or when the consumer walks out without making a purchase. Similarly, a call center representative wouldn't know about a customer's ongoing complaint at the store helpdesk as there is no unification of customer data across all interacting and transaction channels. While some organizations have been able to master this using location tracking, loyalty cards, and

other IoT-enabled in-store technologies, personalization is mainly absent in the omnichannel world.

With the rise in omnichannel shoppers, companies need to tap into the potential of personalization to improve the online and offline consumer journey. Experts believe that omnichannel personalization could be the next significant initiative. In a world that merges physical and digital channels, getting personalization right can help companies lift revenues by 10 to 15 percent and deliver better consumer outcomes.



How to get omnichannel personalization right?



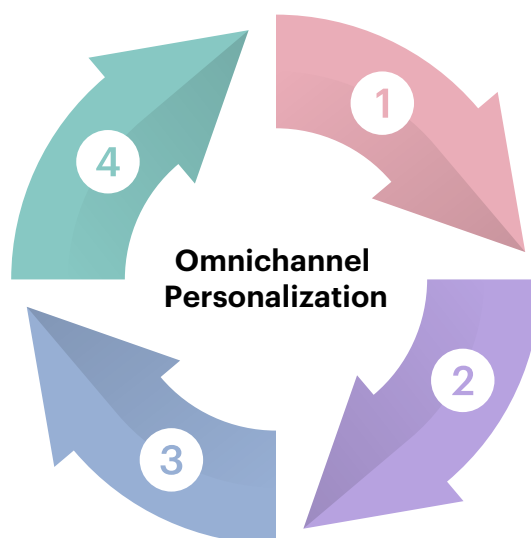
Iterative experimentation

Rapid experimentation and agile mindset to quickly apply learnings



Create & Manage Content

New age tools for creating, managing and distribution of marketing content



Customer Data Unification

Create a 360° view of all the customer interactions



Next Best Actions

Use advanced analytics, AI/ML algorithms to generate next best actions

1. Build a foundational data platform to create a 360° view of all consumer interactions

Customer profile data must be centralized and made available to marketing teams so that activity in one channel can immediately support engagement in another channel in real-time or near real-time. Typically, companies simplify the customer classification broadly based on the business model as B2B or B2C customers. This is not enough. Every time a customer engages with the brand, there are a series of digital footprints starting from the consideration phase to the purchase and use phase. The information trail could be internal sources

when the customer visits e-commerce sites, makes store purchases and call center queries, or external sources such as social channels or competitor sites. This footprint trail must be recorded, marked by identifiers, unified, and stored for future use. There is a requirement for a robust data platform that can hold customer data by collecting information across all channels and consolidating the information by associating the user with a single unique ID. This data about customers can be used to apply the most relevant and contextual messaging and communication, irrespective of the interaction channel.

2. Use predictive analytics and AI/ML algorithms to generate the next best actions

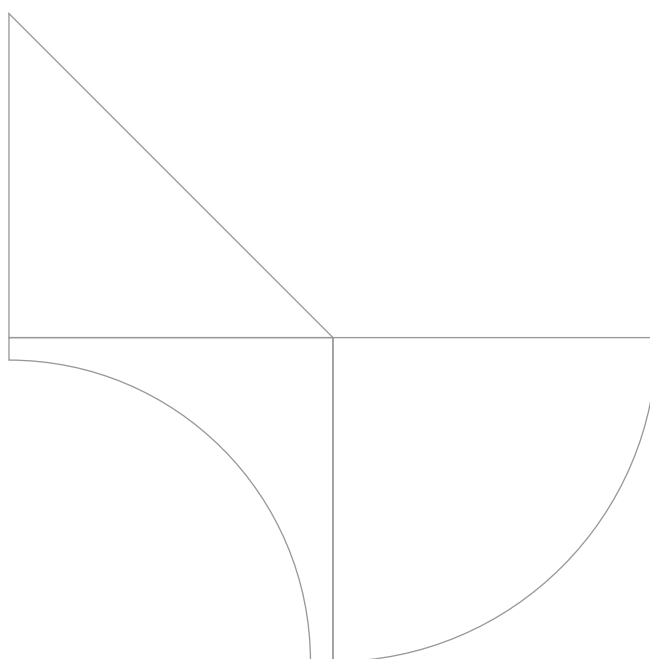
Personalization at scale can be achieved using advanced analytics and machine learning algorithms to identify the next best actions. When recurring interactions are collected over time, the analytics decision engine adapts to the data received, improving the algorithm logic and helping make messages more personalized to suit consumer needs.

The foundation data for personalization relies on customer behavior and patterns. Hence, the first step will be to create segments or clusters of customers with similar behaviors and needs. For example, a segment for new mothers buying infant products, customers buying hiking gear segmented as hiking enthusiasts, a segment for wine lovers who regularly make wine purchases, etc. Once these segments are created, it is essential to understand the journeys taken by these customers while shopping. These segments added with their different customer journeys into the machine learning algorithm will create multiple micro customer segments that can be the basis for individualization and personalization.

For example, when the marketing team of a hi-tech mobile manufacturer is trying to launch awareness for a new product or a cross-selling opportunity, it must not only micro-segment the list of customers who are highly responsive to messages but also consider if any customer in the segment had a recent bad experience or an unresolved service complaint because such issues can hurt the brand image and success of the new product. The algorithm must apply multiple filters before preparing the customer list for targeted messages in such cases.

3. Creating, managing, and distributing marketing content

In marketing, content is always the king. Content is the oil that powers personalization, and there is always a need for creating new content. When a customer provides a new signal through the shopping journey,

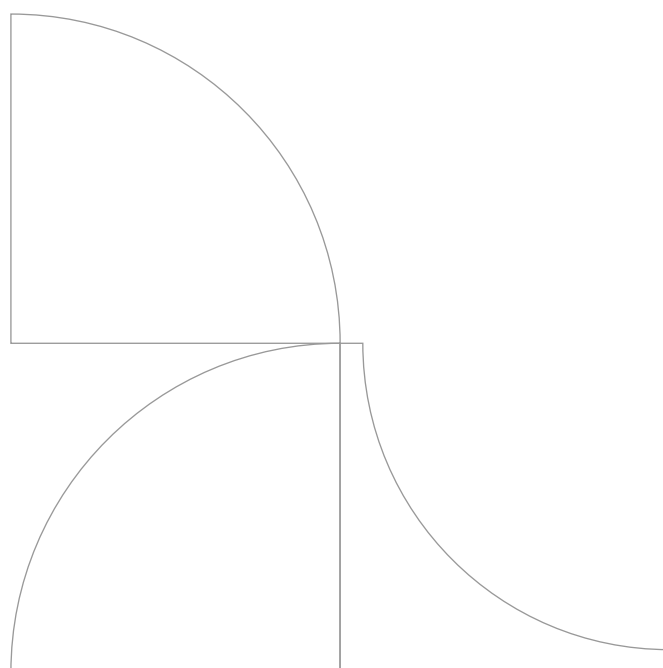


marketing must respond with relevant, contextual, and timely messages. This response to the individual customer is known as a trigger. Different shopping journeys on numerous channels for multiple micro-customer segments require a lot of triggered content to be created. Marketing teams need to develop a repository of the most relevant triggers mapped to each signal. Triggers can be in the form of text messages, images, or offers. Every time a trigger is sent out, its effectiveness needs to be evaluated so that the message can be further refined until the targeted message meets conversion goals. So, multiple iterations happen on the content creation of these triggers, and it is essential to store, reuse, and repurpose this content. A centralized repository can help store all these assets under one platform, allow instant access and collaboration between multiple teams, and help extend stored assets' value for reuse and repurpose. The centralized repository is the single source of truth for marketing assets, from creation to preservation.

One more specific area marketing needs to address is the content management system (CMS) that can support omnichannel architecture. Most traditional CMS applications allow marketing to push content

only through the web and mobile applications. With the explosion of new technologies such as IoT-enabled smart speakers and wearable technologies, it is crucial for marketing to adopt a CMS that can support multiple touchpoints currently used by end consumers. New-age CMS applications allow a headless CMS that separates the frontend and backend of the web application and enables enriching the customer experience and future-proofing new touchpoints.

Consumers continuously navigate from one channel to another in an omnichannel shopping journey. Hence it becomes essential that there is consistency in the communication and messaging triggers delivered to consumers across these multiple



channels. Cross-channel messaging platforms can enable this process by distributing targeted and relevant triggers across many touchpoints such as email, SMS, push notifications on web and mobile apps, social media, and chatbots. A cross-channel communication platform helps marketing drive higher engagement levels, deliver higher business outcomes, and expand their marketing mix.

4. Agile ways of working

Personalization requires the best of technology stacks and a fundamentally new way of working. Smaller teams with specific goals drive agility and realization of goals. Marketing can form a small team of empowered people who can build the personalization war room with clear business outcomes.

An ideal team for personalization includes individuals and teams with cross-functional capabilities,



Digital strategists to lead and manage the customer experience for the personalization program



Content marketers to lead the tactics and experience for content creation, which must align with customer journeys across channels



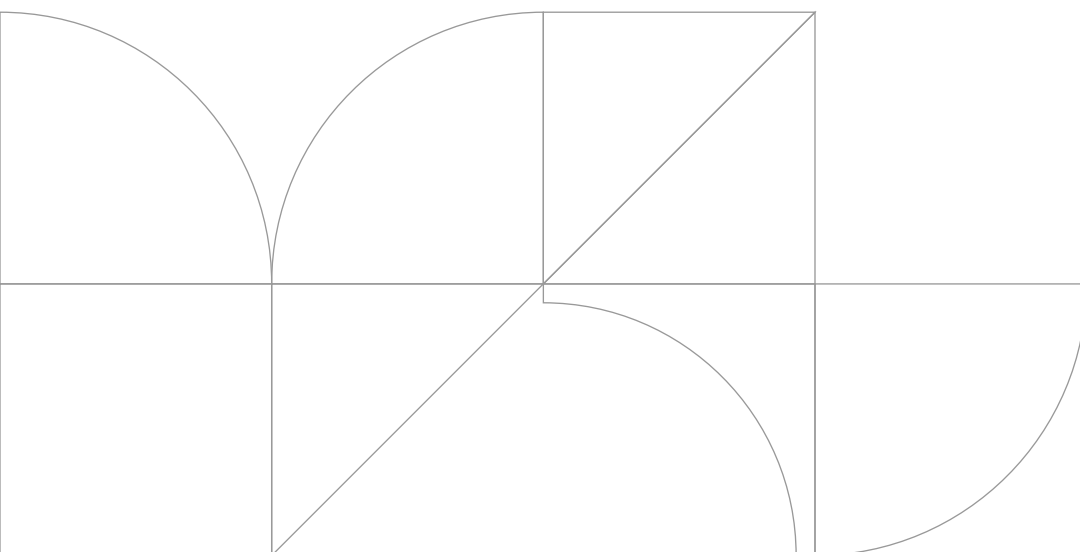
Martech experts to implement tactics and integrations with various in-house and third-party marketing technology tools and systems



UX designers who are responsible for the end-user personalization experience



Data scientists or analysts to decipher insights and build recommendations and segmentations based on datasets captured



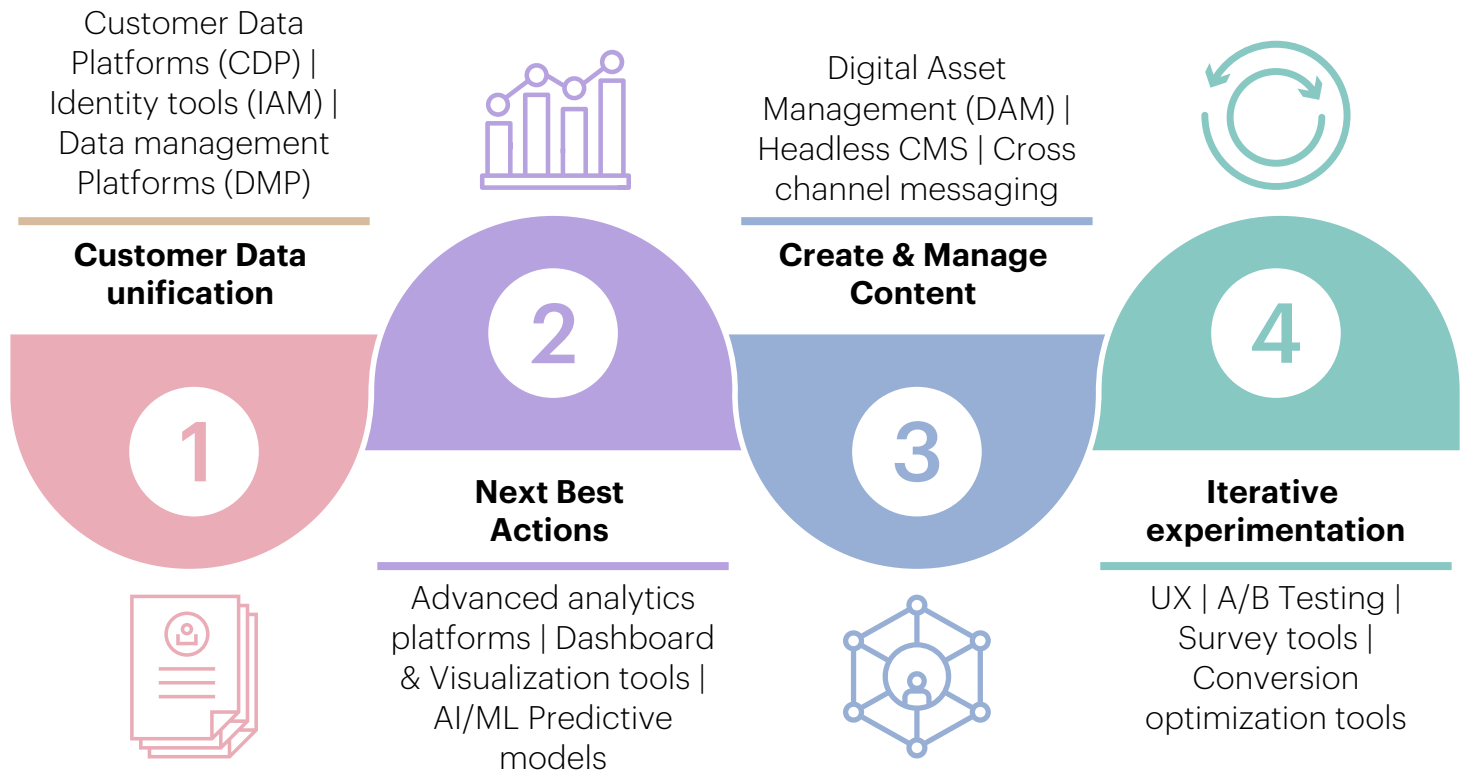
This team would be responsible for building the customer segments, identifying the signals, and creating the triggers, creative content, and templates for the personalization program. Every content sent out needs to be evaluated for effectiveness and refined with unlimited variations of the same content. This is a continuous and iterative process. For teams to work at this rapid pace, an agile operating model and an experimental mindset within the marketing organization are required. This enables these empowered teams to continuously test their

hypothesis on consumer behavior, signals, triggers, and content, further evaluate and refine messaging, conduct rapid experimentations on various channels, and execute campaigns until the desired results are achieved.

It is also important to train the front-line staff to use digital tools and empower them with enough tools and information to support personalization efforts, especially in stores or service desks where in-person conversations are the norm.



Technology enablers for personalization

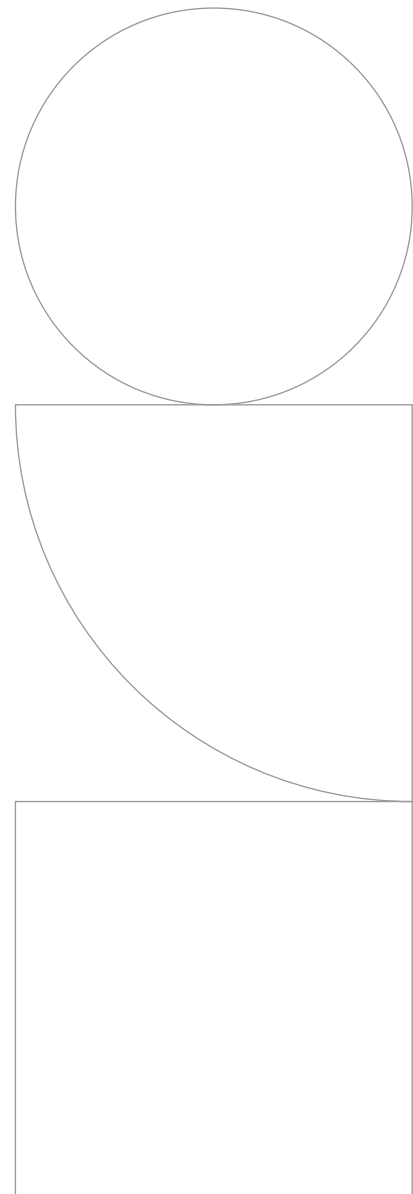


Omnichannel personalization use cases across industry verticals such as CPG, retail, and hi-tech manufacturing

Successful omnichannel personalization depends on the relevance and context of the message with the interaction channel that the customer is engaged. To create this, marketing teams have to define personas and customer journey maps for various channels. Typically, customer journeys are segmented into the four key stages using the AIDA principle – awareness, interest, desire (decide), and action(advocacy).

A robust personalization framework will have customized content prepared and delivered for each customer journey stage. This content will be further refined based on the captured data with the customers' future interactions and responses and past purchase behaviors.

While mapping customer journeys, marketing also needs to consider the major interaction channels for the identified customer segments and those with a journey overlap.



Customer journey map

	Awareness Drive traffic	Interest Increase conversion	Decide Improve order value	Use Product adoption	Advocacy Refer/Repeat purchases
B2B sites	<ul style="list-style-type: none"> Personalized profile view – credit limits, assigned account owner 	<ul style="list-style-type: none"> Personalized web content with item list and promotional pricing 	<ul style="list-style-type: none"> Configurable pricing (custom to order) Individual quotations 	<ul style="list-style-type: none"> How-to videos 	
D2C sites		<ul style="list-style-type: none"> Navigation wizard for product discovery 	<ul style="list-style-type: none"> Customizations for product pages Product recommendations 		
Website/ Mobile app	<ul style="list-style-type: none"> Location-based notifications (on the app) 	<ul style="list-style-type: none"> Personalized discount coupons/vouchers Out of stock alerts Alternative product recommendations 	<ul style="list-style-type: none"> Product recommendations Product bundles 		<ul style="list-style-type: none"> Reminders for purchases Request writing reviews Incentivize seeking referrals
In-store displays	<ul style="list-style-type: none"> Context-specific ads, such as weather alerts 	<ul style="list-style-type: none"> Dynamic promotions on smart shelves 			
Interactive digital screens		<ul style="list-style-type: none"> Virtual try-ons/AR-VR experiences 	<ul style="list-style-type: none"> Product bundling Ensemble recommendations, e.g., buy the look 		
Tech-enabled store associate		<ul style="list-style-type: none"> Guided browsing and helping in-store consumer decision-making 	<ul style="list-style-type: none"> Complimentary suggestions Dynamic promotions and discounts 		
Point of sale		<ul style="list-style-type: none"> Personalized discount coupons/vouchers 	<ul style="list-style-type: none"> Add-on options based on past purchases 		<ul style="list-style-type: none"> E-receipts with reminders or discount vouchers attached
Chatbots		<ul style="list-style-type: none"> Product discovery 		<ul style="list-style-type: none"> Assistance on product usage Demonstrations and installation requests 	<ul style="list-style-type: none"> Warranty registration service and renewals
Call center/ Service desk	<ul style="list-style-type: none"> Lead generation 				

Digital touchpoints

Conclusion – Data privacy and its impact on personalization

While most customers are comfortable sharing specific information to personalize messages, many customers also believe that companies collecting these data are not using them responsibly. This makes personalization a double-edged sword because the underlying principle of marketing relies on customer data and their behaviors and actions. Excessive or inappropriate data points collected can backfire, and such practices can quickly put consumers off.

Consumers have different expectations on data privacy while dealing with different brands and companies. While customers are more comfortable sharing their health data on fitness apps, they may not be comfortable sharing the same information on a virtual doctor appointment app. Similarly, customers' comfort level in sharing data depends on how messages are framed on the user experience layer. Brands that explain why they collect certain information with a clear message about the benefits will help customers share their data. Data related to incomes, credit cards, health, and family members are extremely sensitive for customers.

Organizations collecting data must ensure that data is collected, stored, and used effectively. Many organizations collect more data than what is necessary for personalization efforts. More data doesn't necessarily mean more value, as proven by the Gartner research where companies adopting more "help me with personalization" efforts realize higher business benefits than companies using recognition tactics.

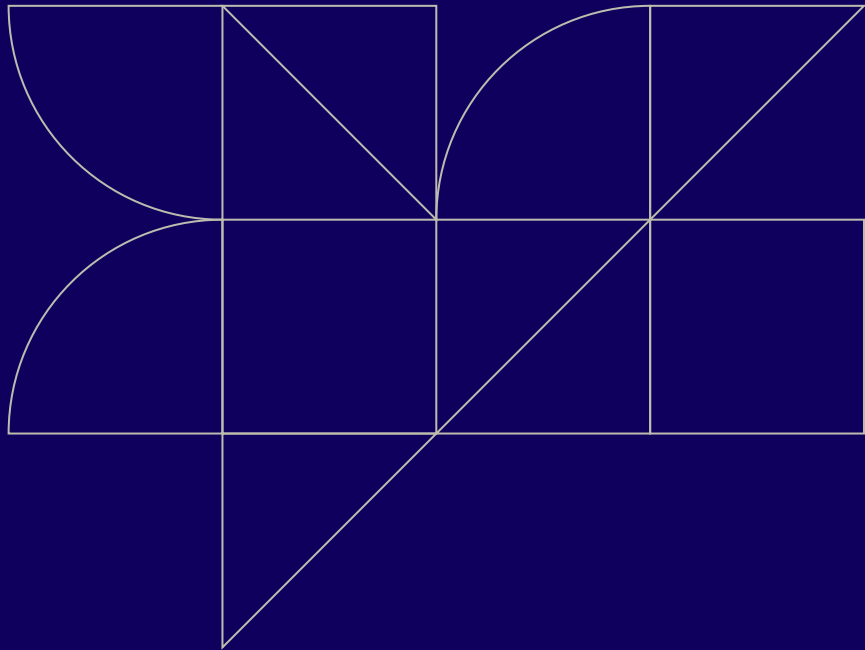
A Statista 2021 study indicated approximately 1,000+ customer data breach incidents that impacted more than 155 million data records. Companies were targeted regardless of size and scale, including Microsoft, Facebook, Zoom, and Twitter. Since multiple data breach cases are recorded every year, data privacy regulatory authorities like GDPR and CCPA have defined stringent data collection, storage, and usage policies. Organizations collecting data have to develop opt-in policies and allow customers to exercise the right to erase their data records on request.

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